

BANKING

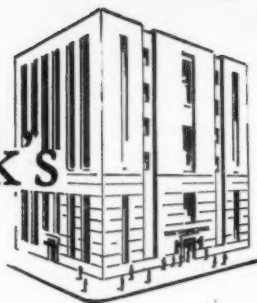
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

OCTOBER 1949



Fred I. Kent, known as the first president of the American Institute of Banking, listens to Secretary of the Treasury Snyder's address marking the beginning of the Institute's 50th year.
(See page 33.)

What is your bank's



I *nsurance* Q *uotient?*



Would you be protected against loss sustained through acquiring collateral that proved to be invalid?

Several banks in an Eastern city recently sustained large losses through accepting counterfeit collateral from a prominent local citizen. Other banks have discounted finance paper which proved to be bogus. Optional Insuring Clause E, attachable to your Bankers Blanket Bond, protects against loss sustained through acquiring counterfeited, forged, altered, lost or stolen documents, securities or other written instruments.



Have you checked to be sure that all your property is insured against Water Damage?

Your Bankers Blanket Bond insures against water damage to money and securities. Your Fire Policy protects property damaged while extinguishing a fire. But only a special Water Damage policy protects expensive furnishings and equipment against accidental leakage, discharge or overflow of water or steam from plumbing and heating systems — or rain or snow from defective roofs, open or faulty doors, windows or skylights.



Are you carrying insurance that covers all your legal liability to lessees of your safe deposit boxes?

Even though banks take all reasonable precautions — even though they provide booths and place guards at entrances, even though they maintain proper records and expressly disclaim liability in the agreements they make with box renters — claims nevertheless are made by lessees of safe deposit boxes for loss, destruction or damage to money, jewelry, securities, and other property alleged to have been in boxes.

The Aetna Plan of Risk and Insurance Analysis for financial institutions will provide (1) a complete study of your bank's insurable exposures, (2) a detailed comparison of these exposures with your present insurance policies, (3) a constructive report which includes a visible record

of your insurance program and recommendations designed to provide the most complete insurance program available, (4) a continuing control plan which keeps insurance in line with changing requirements. Ask the Aetna Agent in your community for complete details.

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



Fred I. Kent, besides his part in the development of the A.I.B., referred to on the front cover, has for many years been active in the work of the American Bankers Association and heads the A.B.A.'s Commerce and Marine Commission. He is a director of the Bankers Trust Company, New York

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October 1949

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FIXITY OF PURPOSE



Development and production of safety papers that meet the most exacting specifications, in writing surface, appearance, dependability, has been the fixed purpose of George La Monte & Son throughout more than 75 years of operation. » » Today La Monte check papers are recognized as the standard for quality and safety from coast to coast.

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just a minute

Anniversaries

IMPORTANT anniversaries are coming up in the American Bankers Association family.

The Association is now in its 75th year, while the American Institute of Banking, A.B.A.'s educational section, is heading for Birthday No. 50.

Such notable milestones can't go unnoticed, and it's hardly violating a confidence to say that they will not. The Institute started its anniversary program with a nationwide broadcast on September 13 by Secretary of the Treasury JOHN W. SNYDER, and will conclude the observance at its annual convention next June at Minneapolis with special commemorative ceremonies.

Although the Association, born at Saratoga Springs, New York, in July 1875, is planning no extensive recognition of its own longevity, plans are afoot for marking the occasion at the 1950 convention.

Meanwhile, this issue of BANKING salutes the A.I.B. with a special cover and

a report of Mr. SNYDER's recent radio address. The cover shows FRED I. KENT, known to the Institute's 90,000 members as the first national president, in his home at Scarsdale, New York, listening to the Secretary's talk.

As for the Association, the business immediately at hand is the San Francisco convention of October 30-November 2, 1949. There's a last minute story about it on page 20.

A Slight Misunderstanding

EARLY last Summer the ALEXANDER F. LIPPITTS, then of Providence, Rhode Island, announced the birth of a son by sending to their friends a simulated check, on green safety paper. It read:

June 6, 1949 No. 1

P.O. Box 685

Providence 1, R. I.

STORK NATIONAL BANK

Pay to the Order of

RUTH AND ALEX LIPPITT

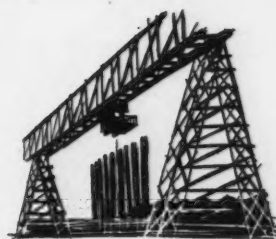
P.M. 5:29

Seven $\frac{00}{xx}$ Pounds

GORTON THAYER LIPPITT II

Mr. LIPPITT, now with a New York bank, says he got the idea from a somewhat similar announcement published in BANKING a few months ago.

"The address at the top," he explains, "is the one we used at home before the baby was born and we came to New York. The date is the date of the birth. The baby was No. 1. The



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"And we can set it for March and forget it"



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and-Night Transit operation
and wide-spread Collection
facilities...often save our
Correspondents 2 or 3 days in
availability of funds.

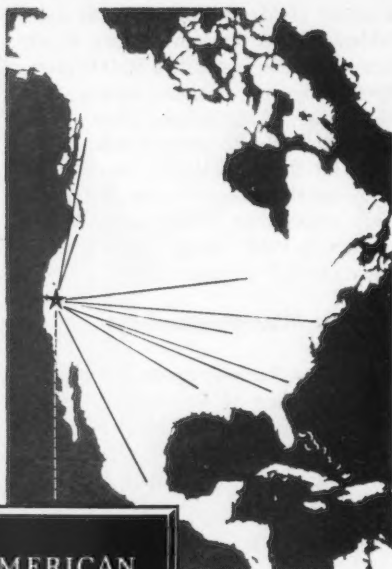
HEAD OFFICE:
SAN FRANCISCO

Resources over \$900,000,000

Many offices throughout
Northern California

AMERICAN
TRUST
COMPANY
BANKING
Since 1854

Member
Federal
Deposit
Insurance
Corporation



name of the bank is obviously fictional. The time after our names is the time of the birth. The next line has the baby's weight and on the bottom line is the baby's name."

But that's by no means the end of the story.

Daddy LIPPITT sent one of the announcements to a friend in Germany. Subsequently his father received a letter from a German bank, addressed to the "Stork National Bank, Providence 1, P.O. Box 685, U. S. A." The box number saved it from the Dead Letter Office. Here's a translation:

"The following item on green paper with dark green cross stripes was presented to us:

(A transcript of the check followed.)

"This matter is not clear to us and we request you to inform us as to what sort of transaction this is. Does the item represent a receipt that we can present for collection, and if so for what amount?"

"We thank you in anticipation of your kind information."

How the check came into the bank's possession was not stated, but it would seem that Mr. LIPPITT's friend was fooled, too, and deposited it. Anyway, the maker hastened to set everybody straight.

This Loan Was Free

THE JOSEPH S. HENDERSONS of Richmond, Virginia, are installing \$360 worth of improvements in their home this fall, and a bank has provided the money—free.

This bit of good fortune for Salesman HENDERSON and his wife came about through the fact that their note for the amount mentioned was the 1,000,000th
(CONTINUED ON PAGE 6)

"Go around to the baby buggy window on Bedford Street!"



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“One lump or two?”

Pity this poor banker! Alone, abroad and faced with a major transportation crisis! Bet he wishes he were home even though there, chances are, he might be up against a bottleneck caused by excessive figure work.

That he could solve. Easily! With a Monroe, for there's a Monroe for every kind of figuring and accounting job. If the problem happens to be proving old and new balances on savings accounts, there's the Monroe Shuttle Carriage Adding-Listing Machine. Fast carriage action...direct subtraction...automatic credit balance...these are only a few of the features that make it just the machine for preparing control sheets. Besides, it handles all run-of-the-mill adding and listing.

In short, it's a Monroe. That means it's speedy, flexible, and has “Velvet Touch” ease of operation. All of

which adds up to real savings in time, trouble, money.

Whatever your figuring problem, Monroe has exactly the model to meet it. Faster, better, more economically. Your local Monroe representative will gladly show you. Look him up in your classified telephone directory.



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Machine

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Monroe Calculating Machine Company, Inc. ★ General Offices ★ Orange, New Jersey

Some Dollars Go Farther Than Others

FARM MACHINERY DOLLARS GO FARTHEST OF ALL



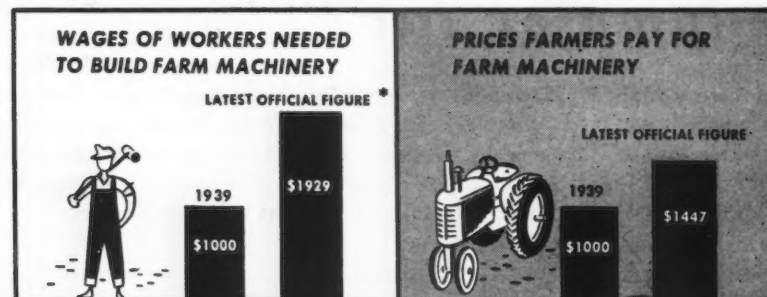
Latest official figures show that it takes \$2,139.00 to buy food, clothing, shelter, automobiles—all the things that go toward living—that \$1,000.00 bought in 1939 . . . an increase of 113.9 per cent.

While wage rates have gone up in the cities, they have gone up faster for the farmer. It takes approximately \$3,228.00 to buy the hours of farm labor that \$1,000.00 bought in 1939 . . . an increase of 225.8 per cent.



A combination of circumstances gave farmers the highest prices in history. Latest figures show farmers get \$3,021.00 for the farm products that brought only \$1,000.00 in 1939 . . . an increase of 202.1 per cent.

Farm machinery is largely iron and steel. These prices have also gone up. It takes \$1,619.00 to buy the castings, the bar stock, the forgings that \$1,000.00 bought in 1939 . . . an increase of 61.9 per cent.



A higher cost of living, increased prices, have made it necessary to pay factory workers more money. It takes \$1,929.00 to buy the hours of production labor that \$1,000.00 bought in 1939 . . . an increase of 92.9 per cent.

In this period of rising prices, farm machinery advanced probably less than anything else. It takes only \$1,447.00 to buy what \$1,000.00 bought in 1939 . . . an increase of only 44.7 per cent.

*U.S. Department of Commerce, March, 1949

As the charts show, the dollars the farmer invests for farm machinery go farther than dollars spent for other things.

They go even farther when you consider what they do. They buy more than just so much iron and steel. They buy greater production on the farm . . . lower labor costs . . . saving of time.

So when you help a farmer to buy farm machinery, you are helping him to increase his profits . . . and the prosperity of your community.

The MASSEY-HARRIS COMPANY, Quality Avenue, Racine, Wisconsin

Make it a Massey-Harris

JUST A MINUTE — Continued



"Boy! Is he in a rut! The 19th week in a row he's put in an even thousand!"

loan made by The Bank of Virginia which stamped it "paid."

The Henderson family came to the bank for the little ceremony that marked return of the obligation to the borrowers. Mrs. Henderson received a corsage and some aluminum kitchen ware. Joe, Jr., aged 21 months, and Eugenia, who's going on five, each got an extra \$5 for their savings accounts, as well as piggy banks and thrift books to encourage further effort.

Said Mrs. Henderson: "I still don't believe it!"

"Take It Easy!"

THAT'S a familiar admonition, but how many of us heed it? Perhaps, as DONALD A. LAIRD suggests in an unusual article this month, we need some new attitudes.

Dr. LAIRD, a popular psychologist and a former teacher at Colgate University, offers pointed suggestions and good advice on how to avoid modern nervous tension.

"Decide right now," he says, "that you will adopt relaxed rather than tensed attitudes. . . . Be hopeful, optimistic."
(CONTINUED ON PAGE 11)



BANKING

AS ONE BANKER TO ANOTHER —

*How do you judge
a bank?*

By the amount of its resources — the extent of its facilities? By speed and efficiency of service? No one, of course, would dispute these common yardsticks. But aren't they, in your mind, just part of the story in any banking connection?

Aren't there certain intangibles that are just as important? Isn't one of these intangibles a real *willingness to help* . . . not just on the day-to-day routine, but on all those tough little problems (big ones, too) that rise to plague us all from time to time?

Brought up in a tradition of doing business the friendly way, the National City organization tries to offer more than just resources and facilities. Perhaps that's one reason so many bankers so regularly use the many specialized services that National City Bank provides.

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Head Office: 55 Wall Street, New York

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First in World Wide Banking

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Mitre)
Flores
Plaza Once
Rosario

BRAZIL

Rio de Janeiro
Porto Alegre
Recife
(Pernambuco)
Santos
Sao Paulo

CANAL ZONE

Balboa
Cristobal

CHILE
Santiago
Valparaiso

CHINA

Shanghai

COLOMBIA
Bogota
Barranquilla
Medellin

CUBA

Havana
(402 Presidente
Zayas)
Cuatro Caminos
Galiano
La Lonja
Caibarien
Cardenas
Manzanillo
Matanzas
Santiago

ENGLAND

London
(117, Old Broad St.)
West End
(11, Waterloo Place)

FRANCE

Paris
(IBC Branch)

HONG KONG

Hong Kong

INDIA

Bombay
Calcutta

JAPAN

Tokyo
Osaka
Yokohama

MEXICO

Mexico City

PERU

Lima

PHILIPPINES

Manila
(Juan Luna)
Port Area
Cebu
Clark Field

PUERTO RICO

San Juan
Arecibo
Bayamon
Caguas
Mayaguez
Ponce

REP. OF PANAMA

Panama

SINGAPORE

Singapore

URUGUAY

Montevideo

VENEZUELA

Caracas

An Ad About An Ad



Maybe you saw it! . . .

An ad called, "The Fastest Man What Ever Ran" . . . it appeared in some of the big magazines last year.

Maybe you said, "Bosh! . . . Bet they don't settle claims *that fast!* Why, that's the tallest tale I ever heard!"

Well, I wouldn't blame you . . .

But, if you have any industrial loans—and what bank hasn't—I think you will want to know what happened the very day that ad appeared on the newsstands.

One of our policyholders, a large trucking concern, had an accident on the open highway.

8 minutes later the local Mr. Friendly was on the scene . . . And in less than 30 minutes the entire case was settled to the satisfaction of everyone!

I've said in some ads that we save businessmen mountains of money, thanks to our special I. E. Loss Control Service* . . . which helps reduce accidents and premiums . . .

Well, sir, we can show you dozens of instances where we've

AMERICAN MUTUAL . . . the first American liability insurance company

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About Me! by Mr. Friendly

THE FASTEST MAN WHAT EVER RAN!
(A slightly tall tale)

A policyholder phoned to say
We've had an accident here today.
I said, "Hold on! I'm on my way."
I went to put my voice was alone
Telling in that telephone.

I ran right out the door I was in
And I would have run off all my skin
Only I found them already to replace
So I slowed down a lot, and cooled up the pace.

But when I slowed I was pleased to see
He was still on the telephone talking to me.
This was most *deftly* - *careless*!
But I leave you a lesson from it: American
Mutual's policy of service shines as
brightly as I in *any* possible case.
With "I" others from cases to court,
were the companies that I know for
last fair settlements.

AMERICAN MUTUAL
the first American liability insurance company

P.S. What to do? In *any* emergency - What the *street* extra in
emergency - Call Mutual I & L, Loss Control Service. * Write us for free
Plan for the Home - American Mutual Liability Insurance Company
Dept. D 100, at Berkeley 20, Newark 16, Mass. Branches in principal
cities. Consult nearest agent for details.

helped reduce premiums for manufacturers (as much as 53% below average rate for the field in some cases).

When I talk friendly service in millions of magazine ads... every American Mutual man tries to give you the same friendly service!

With 77 offices in major cities, they can do it too!

The point is... Why not give your local Mr. Friendly a ring. See if he isn't as friendly and helpful as we claim he is!

See if he can't save you and your customers *more money*, through dividends and extra service.

And see how close our tall tales really are to down-to-earth reality!



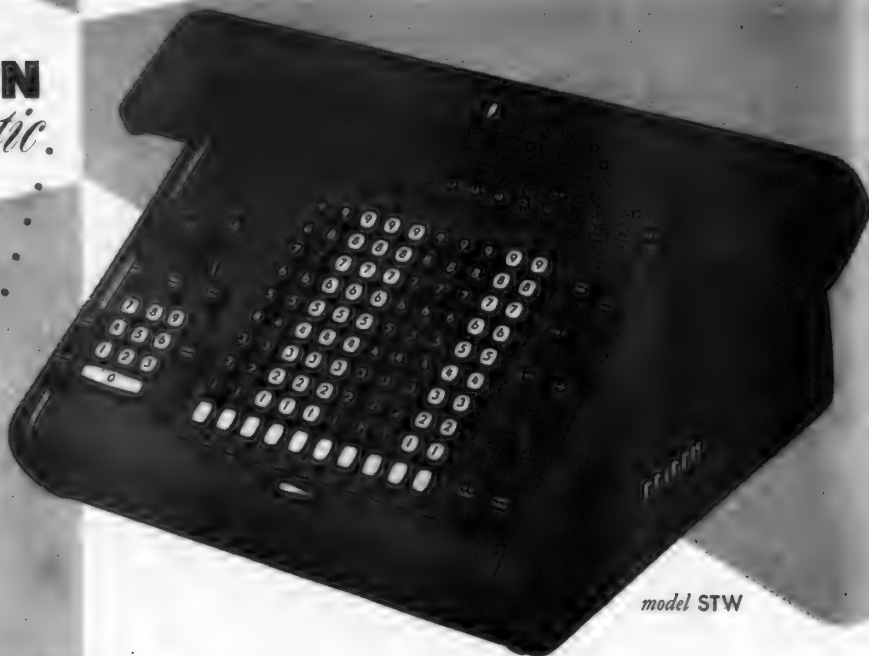
*Accident prevention based on principles of industrial engineering.

REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE

Total Assets	Total Liabilities	Total Surplus
\$93,824,384	\$76,441,097	\$17,383,287
Total Claims	Total Dividends to Policyholders	
\$313,426,622	\$123,275,137	

Nearly 80% of all assets in U. S. Gov't, first grade industrial, railroad, public utility bonds.

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how it's *many new features* will increase your figure work
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throughout the United States and Canada.*

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CALCULATING MACHINE CO., INC.

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA

JUST A MINUTE—Continued

timistic. Be friendly. Learn to play. Be a good loser. Use perspective. Trust others. Build up trust in yourself. Cooperate with your good points, and don't become anxious trying to battle your unwanted ones."

Also: "Cooperation is essential in all business. Cooperativeness does not come naturally to strong-minded people. Yet they must cooperate to forge ahead. They must *learn to like cooperating* to avoid nervous tension. In modern business only one person in five is his own boss. The other five have to cooperate. Exercise your cooperation by offering to help someone with extra work, by looking for chances to do little favors, and by showing real appreciation for little helps given you."

This interesting line of thought is developed at length in "How to Take It Easy" (page 48).

Scrapbook

A GLANCE through some of the current trade magazines revealed a number of items about banks. For instance:

Civil Engineering devoted more than a page to a report on the Houston National Bank's drive-in facility and customers' parking lot, both of which services have been "highly successful."

National Bottlers Gazette noted that the Security National Bank of Battle Creek, Michigan, had given lobby space to a display of soft drink vending machines by a local bottling company. "Dispensing free drinks," said the magazine, "the vendor display is credited with making five placements in new locations, besides turning up a flock of prospects for follow-ups by route salesmen."

"Wish I had taken a closer look at the plans!"



October 1949

TO HELP YOU FOLLOW BUSINESS TRENDS IN THE PACIFIC NORTHWEST



Our quarterly digest of business, industry and agriculture, the Summary of Pacific Northwest Industries, will bring you carefully prepared information about current conditions and long-range data to help you determine trends in this important region.

If you wish to be placed on our mailing list to receive this Summary regularly, please advise us.



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If you have anything to do with keeping correspondence, business papers and records in order, safely filed and quickly available, here's a tip—

Start Acco-binding and let Acco Fasteners and Accobind Folders take the responsibility! Then you'll really enjoy looking for filed papers because they'll always be where they should be, where you can *find* them in a jiffy.

Acco-binding does away forever with "scatteration filing"—loose papers, messy folders, lost sheets. Acco-binding saves time, tempers and money. It *can* be the difference in efficiency that spells profit instead of loss in times like these. Get the facts—NOW.



Ask your Stationer to bring you this
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ACCO Fasteners are made in 30 styles and sizes for Loose Leaf binding
ACCO PRODUCTS Incorporated, OGDENSBURG, N.Y.
In Canada: Acco Canadian Co., Ltd., Toronto

Industrial Marketing said that the Waukesha (Wisconsin) State Bank drew an estimated 8,000 visitors to see \$1-million in cash displayed under a plastic bubble in the lobby on the bank's fifth anniversary. There was a picture of this novelty.

Journal of Housing pictured a display of public housing by the Exchange National Bank of Chicago.

Tide photographed a discussion meeting on the Savings Banks Quiz Kids radio series sponsored by the Savings Banks Association of the State of New York.

Dollars, Pounds, Etc.

THE British-Canadian-American monetary conference and the annual meetings of the World Bank and Fund provided plenty of news last month, and BANKING'S HERBERT BRATTER sums it all up in his October instalment of "World Business" (page 42).

Also, we publish an interview with W. LINN HEMINGWAY, chairman of the Mercantile-Commerce Bank and Trust Company of St. Louis, just after his return from a two months' globe-girdling trip sponsored by Town Meeting of the Air.

Rattling Good Business

AN Associated Press dispatch from Wellsboro, Pennsylvania:

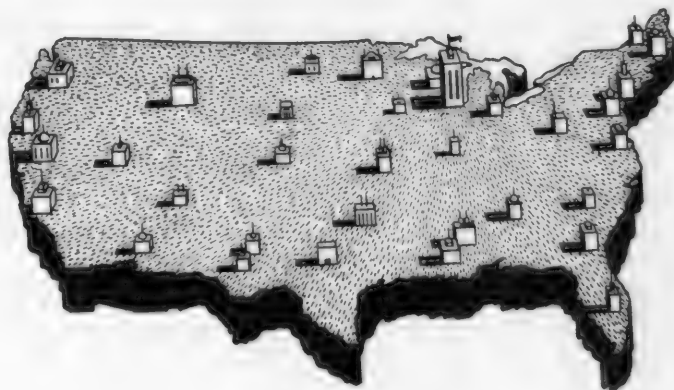
"The First National Bank and the Tioga County Savings & Trust Company offered a \$1 bounty on rattlesnakes recently. Allan White, 15, of Crooked Creek, talked his father into going snake hunting. The first day they came home with \$74 worth."

J. L. C.

"We just enlarged our doors and let the cars in!"



BANKING



In Cooperation . . . Strength

An inspiring aspect of America's competitive economy is the readiness with which individual banks cooperate under the correspondent banking system in the better service of the public.

The Harris Trust takes a deep professional pride in the helpful relationships maintained with its circle of correspondent banks throughout the country.

When you encounter challenging situations and unusual service requirements, call upon this Bank and make use of its broad experience.

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Is there a map of the U.S. on your office wall?

If so, let's take a serious look at it. Big country, isn't it? Too big, in fact, to successfully serve it all from one single location.

Now look down to midway of the eastern half. That's Tennessee. Note how it extends from the Appalachians to the Mississippi and is equidistant from the Great Lakes to the Gulf. Logically situated for distribution points to the fast growing markets in both the Southeast and the Southwest.

Possibly your map doesn't show the network of highways for trucking or the air-express or railway express routes for quick deliveries and the three major river systems for low-cost transportation of raw or heavy materials.

Send for detailed information on the advantages of a Tennessee location for quick deliveries and short haul, low-cost transportation. Ask on your letterhead, please.

Industrial Section
DIVISION OF STATE INFORMATION
115 State Office Building
Nashville 3, Tennessee



INCIPIENT hysteria sounded in the woman's voice coming from the vice-president's office. "But I tell you I won't have it handled that way! That's *my* money, and I won't have that check you couldn't collect charged to it. It's the bank's place to get the money from the man that gave Johnny the check and I'm not going to have it charged to the account!"

Many years ago this customer had opened a savings account in the name of her son. Additions had been made, but there had been no withdrawals, and the balance had grown to several hundred dollars. The boy had grown up and was earning his own living. Several days before, he had come in to cash a check given him by a customer of another bank, notorious for giving bad checks. The young man had been told that in all probability the check was not good, and that in such case it would be charged to his savings account. To this he agreed, and he had made no protest when it was done.

Not so his mother, to whom he had unfortunately related the incident. To her that savings account was sacred from withdrawals and the balance was still "my" money. The charging to it of that "rubber" check was pure insult, in her opinion.

The officer pointed out to her that the account was not subject to her signature and that her son, who had sole control over it as far as the bank was concerned, had agreed to the transaction. That made no difference to her—she felt that it was the bank's responsibility to collect the dishonored

check, and in the meantime she insisted that the account on the ledger must be returned to its pristine freedom from withdrawals. The entry must be erased and no trace of it allowed to remain. She pleaded—she wept—she ranted—and finally left the bank vowing her determination to withdraw all family funds from the bank which had "disgraced" her and her son by charging an item to the account when no withdrawal had been made. It was impossible to explain.

IN spite of the fact that as a joke it's very corny, it *does* happen sometimes, as is shown by this recent happening in our bank. One of our customers in the instalment loan department sent us a check for his monthly payment. His account was already overdrawn some \$17, and we had sent him a notice which crossed his remittance in the mail. The next morning we received another check for \$17. The officer to whom the check was referred attached the check to a memo, and returned it, asking for what purpose it was sent—he did not understand how he wished it to be applied.

Next day, back came the check, with the notation, "It's to cover my overdraft you wrote me about." The officer had heard of people who sent in checks drawn on the same bank to cover overdrafts in that bank, but he had never expected to see it happen—he thought that was just an old joke. So he called the customer on the telephone and explained why the check couldn't be used. It took a lot of explanation, but finally he thought he had made the matter clear.

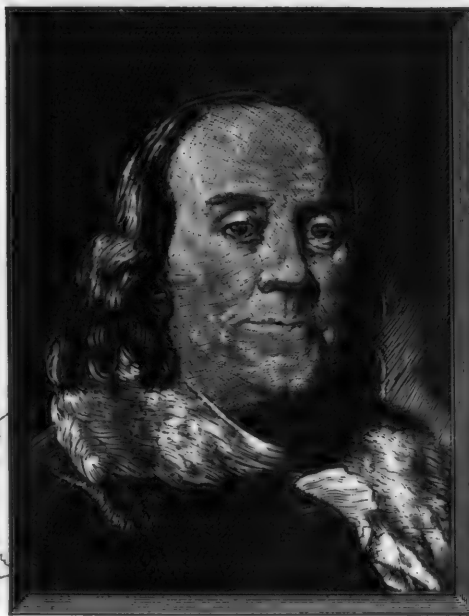
Then the customer said, comfortably, "Oh, I get you. Well, just deposit it, anyway, and when I get my pay on the 15th, I'll put some cash in the bank. I don't want to have my note get in past due condition, so after you deposit this check, give me credit for that payment I sent you the check for, and that will keep me in good standing."

BELLE S. HAMILTON

"She pleaded—she wept—she ranted—and finally left . . ."



Benjamin Franklin
as early as 1755 said ...



*"They that give up essential liberty to
obtain a little temporary safety deserve
neither liberty nor safety"*

OUT of the fundamental principles set down by the founders of our country has come the miracle of one hundred and fifty million free American people living and working in a land of progress, abundance and opportunity.

Now the time has come to renew our understanding and appreciation of the basic lessons of self-reliance, individual effort and responsibility taught by our forefathers and adopted as the corner stone of the way of life that has made our country great.



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Canada Expands Export Capacity

Economic Readjustments Will Be Made in Canada Where Needed

IN announcing the 10 percent "adjustment" in the Canadian dollar, Finance Minister Douglas Abbott told the House of Commons that the Dominion's basic position would continue strong. With her exports still competitive, production efficient, and costs relatively low, the Government felt the devaluation decided upon was appropriate.

The new buying and selling rates of the U. S. dollar are \$1.10, and \$1.10½, respectively, while the buying value of sterling is \$3.07¼ and the selling rate \$3.08¾.

Had there been no alteration, Mr. Abbott said, the cost of Canadian goods to the United Kingdom would have been increased 43.9 percent, whereas now the increase is 30.8 percent. The cost of British exports to Canada is cut 23.6 percent. The Canadian dollar had been held at par with the U. S. dollar in Canada since 1946, although it had sold at a discount in the States.

There is widespread recognition that extensive readjustments must be made in Canada appropriate to worldwide changes in international commerce resulting from wartime dislocations going back to 1914. Some readjustments are already under way in a number of exporting industries, such as agricultural machinery and aluminum products. Thus, the Aluminum Company, a subsidiary of the American organization of the same name, has announced a cut in its smelter operations (the largest of their kind in the world) by 10 to 15 percent. On the other hand, two wood-pulp mills in British Columbia, which were closed for some time during the past summer, have reopened as the result of a strengthening of the American market.

As has been stressed in former issues of **BANKING**, Canada's exporting capacity, particularly in the direction of the United States, is undergoing great expansion owing to the opening of the big new oil, iron and titanium fields, but these will not come into full production for some time, two or three years at least.

For example, a high-grade iron deposit at Steep Rock in northwestern Ontario, which was opened about 10



Douglas Abbott, Canadian Finance Minister (left), and Sir Stafford Cripps, British Chancellor of the Exchequer in a lighter moment at the start of the World Bank and Fund meeting in Washington on September 13

years ago, is expected to have a production of about 1½-million tons this year and to increase it to about 4-million by 1954, the latter figure being equal to Canada's annual iron consumption. The ore is hematite, apparently an extension of that of the Mesabi range, with an iron content of about 60 percent. The work on this property has been difficult.

Part of the original investment capital was made by Cleveland interests, while the Reconstruction Finance Corporation placed \$5-million at the disposal of the company in 1942. Recently a first mortgage loan of \$5-million at 4½ percent was made by the Export-Import Bank, Washington, and a further \$3-million was raised by the sale of preferred and common stock, mostly to private interests. The additional \$8-million capital was required for further development and long-term operations, which may in time provide 10-million tons of iron per annum. Most of the production, started in 1945, has so far been marketed in the United

States, which will probably take the greater part of the increased output of the next few years.

Notwithstanding the cut in production of the Aluminum Company, this concern has a large expansion program in the planning stage. For some time it has been looking over water-power sites in British Columbia with a view to building a big new smelting plant, served by cheap hydroelectric power which the company regards as one of its major materials. It has already gone so far as to apply for water rights in the Cariboo district, several hundred miles in the interior of British Columbia, and to plan for the construction of storage dams, from which to project a power transmission line to a point at tidewater some distance north of Vancouver.

Coincident with all these plans there is a resolution by the House of Representatives Foreign Affairs Committee in Washington asking President Truman to open negotiations with Canada

(CONTINUED ON PAGE 18)

8 million additional pupils want schools... and steel is ready to help!



EVERYBODY was taken by surprise when the U. S. birthrate swung up 50%. One result is a school crisis.

By 1957 the elementary schools — now bulging with overloaded classes—will have to take care of 8,000,000 more children than in 1947. "Hurry up with 250,000 new classrooms!" plead the educators.

America faces a serious problem —and steel is ready to help.

Whatever the job the nation has —United States Steel is ready to help. *More than a billion dollars* worth of additions and improvements to U. S. Steel plants — all started since the end of the war — are nearly completed.

Behind the scenes of this activity, United States Steel research scientists have been quietly and steadily creating the improvements that keep steel ahead of any other material. Only steel can do so many jobs so well. And United States Steel can supply what it takes to help build a better America.

*This label is your guide
to quality Steel*

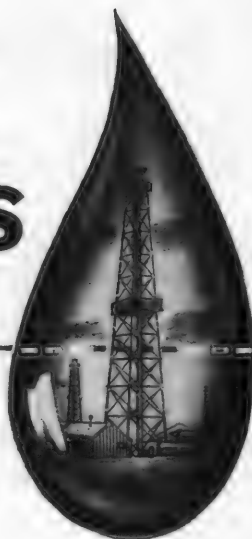
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UNITED STATES STEEL

Helping to Build a Better America



CANADA'S OIL FIELDS



We invite enquiries from United States banks interested in the tremendous oil development now taking place in western Canada. We have been operating in Canada's western oil fields since the earliest days of development, know the oil fields and the men who work them. Branches of the Royal Bank serve directly the Turner Valley, Leduc, Woodbend and Redwater Oil Fields.

From long experience and a well-organized department of information, we can help answer your clients' questions on foreign exchange control regulations, taxation, customs, immigration, royalties, incorporation, conservation controls and new fields of exploration.

*For quick service, address enquiries to:
E. B. Durham, Supervisor,
The Royal Bank of Canada, Calgary, Alberta.*

CANADA'S "OIL" BANK

55 branches in Alberta, the "oil" province. Over 720 branches in Canada, the West Indies, Central and South America. New York, London and Paris. Head Office, Montreal.

ASSETS EXCEED \$2,222,000,000

THE ROYAL BANK OF CANADA

(CONTINUED FROM PAGE 16)

with the object of extending railway connections between Central British Columbia and Alaska, a distance of about 1,100 miles. The connecting point in British Columbia would be the town of Prince George on the Canadian National Railway route between Edmonton, Alberta, and Prince Rupert, British Columbia. Not far south of this point is the northern terminus of the Pacific Great Eastern Railway, owned by the Province of British Columbia and started about 30 years ago with the intention that it extend from Prince George to Vancouver. This line, however, has never been finished to reach both projected terminals. It begins about 30 miles from Vancouver and, as already mentioned, ends a short distance south of Prince George. It runs through a rugged and only partially developed, but potentially rich, country, and, if included in the plans for railway extension through to Fairbanks, would give the Pacific northwestern states direct rail communication with Alaska and shorten the haul of supplies to and from that territory. It would also open up a large area for mineral and forest development, as well as tourist trade. It might also attract American settlers in quite considerable numbers, for it includes some good ranch and farm land. There is, in fact, a movement by a large colonization association in Canada to seek young American farmers with pioneering instincts and to place them in suitable western communities where they would have good opportunities to make a success of their ventures.

"Mary Jane, would your father be interested in giving me some candy and ice cream to curb my Leftish leanings?"



BANKING

All Roads Lead to Convention City

ALL roads lead to the Golden Gate when you join the 1949 cavalcade of American bankers to the annual A.B.A. convention in San Francisco and the Bay Area.

American history unfolds on either side as you cross America's western frontiers by rail, air or highways on your way to the Pacific Coast. Across the broad sweep of fertile valleys, mountain ranges and desert country you will retrace the pathways of the covered wagon pioneers of the 1849 Gold Rush.

That famous trek was a century ago—and today your swift, enjoyable journey leads you to the Golden Gate, for a business and pleasure-filled sojourn at convention and holiday events in San

(CONTINUED ON PAGE 22)

BANKING published in September its Pre-Convention Issue, containing a special supplement on the convention (October 30–November 2), the Convention City and the Pacific Coast. The convention program appeared in that issue on page 142. Changes made since that time are given on page 24 of this issue.



Sun Valley, Idaho, one of the many vacation spots in the Northwest



"Store modernization projects mean *valuable new business for you!*"

LOANS for store modernization are sound and profitable new-business. Here's how Pittsburgh Products were used in a tea room, in Milton, Pa., to give it more attraction-power and greater profit opportunities.



BEFORE



AFTER

Store fronts
and Interiors
by Pittsburgh



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY



TODAY, retail merchants in all lines of business are giving more serious thought than ever before to their stores' appearance. They realize that, with competition getting keener, unattractive stores must be made smart and up-to-date looking, if they are to prosper.

Quite a number of your local merchants will undoubtedly come to your bank for loans to carry out their remodeling plans. And these are, we believe, sound opportunities for worthwhile new business. They're sound risks, because modernization invariably brings them a greater degree of success. (You may find it to your advantage to bear these facts in mind in connection with the store properties handled by your bank, too.)

The whole subject of store modernization is given considerable impetus by our consistent advertising in twenty-two leading retail magazines. We show merchants how effectively Pittsburgh Products are being utilized to bring greater prosperity to merchants like themselves. And our booklet—which will be sent to you free upon receipt of the coupon below—also emphasizes the value of store modernization. Why not send for your copy today?

Pittsburgh Plate Glass Company
2307-9 Grant Building, Pittsburgh 19, Pa.

Without obligation on our part, please send us your FREE booklet on store modernization, "Modern Ways for Modern Days."

Name

Address

City State



Left, the St. Francis Hotel. Right, dining room in the Palace Hotel

Francisco and its neighboring California communities.

For 1949 is California's modern "Gold Rush Year," commemorating the days of 1849 as a prelude to the state's 100th anniversary of statehood in 1950 and marked by many centennial celebrations already in full swing in scores of California communities. Every western year is marked by a series of fiestas, fairs and celebrations, with the plus value of a score or more national and state parks and a vacation wonderland covering a million square miles in the 11 western states from the Rockies to the Pacific shoreline.

This year America's banking leaders

have the opportunity to attend their annual convention, inspect the dynamic industrial and population growth of California and the Pacific Coast and still have time for rest and recreation amid the West's scenic wonderlands from Canada to Mexico. They may come to California by way of the Pacific Northwest, seeing British Columbia, Washington and Oregon by plane, train or highway—then return home via Reno, Salt Lake, and Denver, or southward, by way of Los Angeles, Phoenix, and the Southwest.

Or the western travel program offers a score of diversified routings, visiting one or a dozen world-famed national

parks from Glacier and Yellowstone to the giant redwoods of Sequoia, Yosemite, Tahoe and the Grand Canyon—plus the holiday fun of San Francisco and the Bay Area—gateway to the Pacific. The Bay Area's 7,000 square miles also hold a variety of vacation attractions for travelers from near and far—with Seal Rocks, Fisherman's Wharf, Golden Gate Park, Twin Peaks, Chinatown, Mission Dolores, and the Presidio, America's western Army headquarters.

On the north, over the Golden Gate bridge spanning the narrow entrance to San Francisco Bay, is the scenic Redwood Empire with the giant trees, resorts and beaches in the Russian River vacationland and northward to Humboldt Bay; the rugged beauty of the Monterey Peninsula and the Santa Cruz shoreline, with Santa Clara Valley orchards and vineyards on the south.

There should be time for visits to the universities of California (the nation's largest) at Berkeley, and Stanford, at Palo Alto, and to the research laboratories, factories, vineyards and farmlands of California's diversified industries spread around the bay, from San Jose to Richmond and Vallejo.

Within the radius of a day's drive, visitors also find new vacation thrills in other historic points of interest: Mt. Tamalpais, Muir Woods and Luther Burbank's home at Santa Rosa, Jack London's famed Valley of the Moon, and the verdant hills of Napa and Calistoga, one-time home of Robert Louis Stevenson.

There's the unforgettable panorama of San Francisco Bay and the Golden Gate from Skyline Drive rimming the

(CONTINUED ON PAGE 24)

Graduate School Alumni Dinner in San Francisco

SAN FRANCISCO bankers will be hosts at a Graduate School of Banking alumni dinner scheduled to take place in the Red Room of the Bohemian Club prior to the A.B.A. convention. The reception is to begin at 6:30 P.M. on Friday, October 28, and all GSB alumni are invited. Details concerning reservations will be attended to by Barth L. Ottoboni, Crocker First National Bank, San Francisco 20, Cal.

Since establishment of The Graduate School of Banking in 1935, this is the first time that Pacific Coast alumni have planned a joint meeting. Among the guests who have already indicated they will attend are Evans Woollen, Jr., retiring president of the A.B.A.; F. Raymond Peterson, incoming president of the A.B.A.; W. Randolph Burgess, former A.B.A. president; Lee

Wiggins, former A.B.A. president and former Under Secretary of the Treasury; and Harold Stonier, executive manager of the A.B.A. and director of The Graduate School of Banking. Heads of the six host banks and a number of members of the A.B.A. Administrative Committee will also attend the function.

While the program will be primarily social in nature, it is expected that, following remarks by banking and school officials, plans may be discussed for an annual get-together of GSB men on the Pacific Coast.

A group of alumni, headed by Belford Brown of the San Francisco Bank and president of the Class of '48, organized the October 28 meeting and will probably be active in arranging further conferences.



How you can get dependable Credit Information

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That is the kind of credit information you receive when you send us your credit inquiries.

Credit information from Bankers Trust is based on personal interviews with suppliers, customers, competitors, banks, trade associations and regular credit agencies.

Our credit investigators and analysts are well-trained, competent, and experienced. In addition, every credit inquiry receives the personal attention of an experienced credit officer. He supervises the investigation and evaluates the facts obtained in the light of current trade and business conditions.

This "officer management" offers you a decided advantage.

This is just one of the many services Bankers Trust offers its correspondents and customers. If you require an efficient New York banking connection you are invited to write us at 16 Wall Street, New York 15, N. Y.

BANKERS TRUST COMPANY

NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



hilltops back of Lake Merritt—the aquatic setting for Oakland's new multi-million dollar Civic Center, and gardened residence areas.

San Francisco Bay's blue-green waters are crossed by the world's two greatest bridges, linking San Francisco and Oakland on the east, and the Redwood Empire to the north.

These are the dividends offered by a trip to the 1949 A.B.A. convention at San Francisco—where traditional California hospitality, a splendid A.B.A. convention program of educational and social events, and the scenic vacationland of the West give America's banking leaders many new opportunities for developing, as well as enjoying, the fellowship of the banking fraternity from the 48 states.

Program Changes

The following changes have been made in the A.B.A. convention program since it was published in the September issue of BANKING:

The Savings and Mortgage Division will meet at 8:00 P.M. at the Palace Hotel Monday October 31 instead of 8:30 P.M.

On that same Division's program William A. Reckman will appear instead of Wallace W. True. Mr. Reckman is chairman of the Committee on

Above, Ahwahnee Hotel, at Yosemite National Park. The famous falls can be seen in the background. Right, horseback riding in Rocky Mountain National Park, Colorado

Real Estate Mortgages, Savings and Mortgage Division, and president of the Western Bank and Trust Company, Cincinnati.

Both of the general sessions of the convention will be held in the Geary Theater instead of the Curran Theater as previously announced. The date and time remain unchanged.

Mt. Hood seen across Lost Lake, in Oregon





*"that's my machine!
... for faster payroll record production"*

Operators glow with pride over speed records racked up with this *foremost* of bookkeeping machines!

That's because they knock out the payroll fifty percent faster with this remarkable machine. It's the "one shot" writing of several related records that makes payroll work an absolute breeze. In one simple operation you insert statement of earnings, payroll check and employee earnings record . . . type your items rapidly on the finger-fitted keyboard with the single set of touch-method numeral keys . . . and it's complete. Net pay is printed and computed automatically—you're ready for the next employee record in seconds!

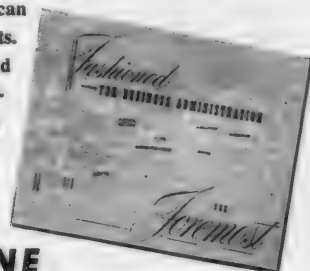
The Foremost Bookkeeping Machine is the *ultimate* in accounting machines—a completely electrified, lightning action, automatically operating performer that does *all* your accounting machine work faster: payrolls, accounts receivable,

accounts payable, sales and inventory analysis—all with any breakdown or distribution for any department.

And *beauty* too—The Foremost Bookkeeping Machine is strikingly smart in its sleek, functional design and distinctive grey-tone finish—added reason for its appeal to owners and operators.

For appearance . . . for sheer cost-reducing efficiency, it's the *top buy* in accounting equipment. See it today at your Remington Rand office.

YOURS . . . FREE FOR THE ASKING—Illustrated brochure describes the advantages of the Foremost Bookkeeping Machine in detail—shows how you can really save on accounting costs. Phone your Remington Rand office for "Fashioned for Business Administration", or write to Remington Rand Inc., Dept. BK-10, New York 10.



REMINGTON RAND BOOKKEEPING MACHINE

A Clearinghouse Tells Its Story

ON a bright September afternoon two ancient autos, doorless and open to the sun in the unstreamlined manner of the early 1900's, chugged through the streets of Stamford, Connecticut. Their passengers, wrapped in the linen "dusters" which the well-dressed motorist wore in those days, were half a dozen representatives of the city's banks, bound, placards on the cars proclaimed, to the bank exhibit at Stamford's Exposition of Progress.

As attention-getters for the "Banking—Yesterday and Today" booth which the Stamford Clearing House Association set up at the fair, the gasoline buggies fulfilled their promotional purpose and then retired to their permanent homes in the James Melton collection of old cars. But the cooperative banking enterprise they had dramatically served continued, during the next week, to remind exposition visitors that Stamford's banks were a vital part of the community progress the fair was celebrating.

The banks' exhibit, arranged by the seven clearinghouse members, emphasized the changes brought by 50 years.

Half of the display space simulated a bank at the turn of the century. An old desk, a Boston ledger, a wall telephone, an ancient typewriter (made in Stamford), a hatrack, gas lights, and the other fixtures that helped banking function a half century ago provided the setting for the staff members who, dressed in costumes of the Gay Nineties, were present not only for atmosphere but to answer a curious public's questions.

In contrast, the other half of the exhibit was a modern banking office: low counter, desk telephone, functional furniture, and the latest in machines.

On the rear wall were two combined condition statements of the clearinghouse members—one for June 30, 1899, showing resources of \$9,341,340.19, the other for June 30, 1949, with resources at \$131,839,886.01, an increase of 1,400 percent for the 50 years.

Large wall panels itemized the services of the seven member banks.

Visitors to the booth received an attractive brochure that told the clearinghouse story of banking service yesterday and today. Included were con-

temporary photographs of the banks and drawings of the buildings as they looked in 1899. The comparative condition statements and the roster of combined services were also reproduced.

THE exposition was sponsored by the Stamford Chamber of Commerce and the manufacturers' and retail merchants' councils.

The clearinghouse, among the first organizations to take space at the fair, spent several months planning its booth. Procurement of the fixtures for the 1899 bank was quite a job, but a careful combing of attics, cellars and storerooms finally provided the needed items, and the seven-bank arrangements committee, headed by Frederick J. Rathbun, assistant trust officer of the First-Stamford National Bank and Trust Company, produced a display that attracted thousands of visitors. From first to last it was a cooperative enterprise; the clearinghouse members worked together to tell the bank story.

Although the exhibit offered the story visually, the brochure narrated it in

(CONTINUED ON PAGE 28)

Bank exhibit committee, in dusters, goggles and mustaches (plastic), arrives at fair. In car at left, standing, H. E. Rider, Stamford Trust, clearinghouse president; C. W. Pond, Springdale Bank & Trust; seated, F. A. Swathel, Citizens Savings Bank; Chauffeur Chidsey; C. G. Talbott, Jr., Stamford Savings Bank; W. C. Poole, Home Bank & Trust, Darien; second car, standing, BANKING's reporter; Agnes Cooney, Stamford Trust; G. R. Johnson, Fidelity Title & Trust; seated, Chauffeur Richardson; Chairman F. J. Rathbun, First-Stamford National Bank & Trust





Partial view of Society for Savings' Main Banking Room recently restored to erase the marks of time, but skillfully redecorated to preserve its original beauty and retain an atmosphere which holds nostalgic memories for generations of Clevelanders.



Since 1849 Society for Savings has given friendly service, continuous security, and uninterrupted dividends to five generations. Today over 200,000 depositors carry savings of more than \$200,000,000 at Society. Now, with its enlarged and modernized facilities, Society for Savings is starting its second century of service to savers.

*All members
of the banking fraternity,
whenever in Cleveland,
are cordially invited to
inspect our enlarged and
redesigned banking rooms.*

*We promise you
you will enjoy this visit.*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

When
you
think
of
PITTSBURGH



Think of Pittsburgh as a *cleaner* city—one which is providing better living and working conditions than are customarily associated with large industrial centers. Its smoke abatement program is clearing the skies . . . "Pa Pitt's Partners" are cleaning streets and buildings—two activities which have won nation-wide acclaim. Plans for river cleanup are progressing rapidly, too.

Pittsburgh presents an attractive welcome to new business and new residents . . . And Peoples First National, with its 15 completely staffed offices, will welcome the opportunity to co-operate with you on projects in this area. Your inquiries are invited.

PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY
Pittsburgh 30, Pa.

Member F.D.I.C.



In the old bank section of the exhibit Teller R. E. Northrup explains some 1899 records to a group of visitors

(CONTINUED FROM PAGE 26)

permanent, take-home form.

"Banking Yesterday and Today, the theme of our exhibit," it said, "brings clearly to mind the fact that perspective is a matter of importance to all of us, not only as a measure of progress but to determine the course which that progress is making.

"In presenting their exhibit, it is the purpose of the banks of the Stamford Clearing House Association to depict the progress of banking during the past 50 years, since that period, known as the 'Gay Nineties', is within the memory of many and of interest to all. As has been pointed out by a veteran banker, that was the 'era of ponderous Boston ledgers and walrus mustaches,' and has come down through momentous decades to the present period of 'streamlined mortgages and retail credit.'

"In looking back over the period of 50 years, it can be readily recognized

that today's bank has a wider horizon and much greater responsibilities. It is intimately interwoven in the life of the community which it serves. In the old days banks did not finance the actual construction of homes, nor did they finance furniture, automobiles, refrigerators and so many of the mechanical means of living which we classify today as consumer credit. The arrival of the machine age in bookkeeping and the development of the systematizing of a bank's services has meant much in increased efficiency and in the ability of a bank to serve its public."

The booklet went on to say that trends in policies and procedure had undergone marked changes.

"The need for broader public relations policies and increased employee benefit programs has been recognized and effectuated. The attitude of trained personnel, happy and interested in their work, cannot help but be reflected in

(CONTINUED ON PAGE 30)

FIELD WAREHOUSING

Warehouse Receipt Loans Against Inventory

Our Service enables you to lend safely to customers, small and large, who require accommodations in excess of your open-line limits. Our experience is extensive . . . our integrity unquestioned . . . our resources substantial . . . our insurance ample. Hundreds of Banks hold our Warehouse Receipts against inventory stored right on the borrowers' own premises. The validity of our Warehouse Receipts has never been questioned.



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Five Branch departments are maintained ...at Fresno, Long Beach, Pasadena, Santa Barbara and Westwood...each with a resident trust officer in charge.

Complete trust service, including ancillary administration, is available at each of these Branch Trust Departments, and also through 122 other Offices and Branches where trust advisors call regularly or by appointment.

We welcome exchanges of correspondence on trust matters. Write: *Taylor F. Mullens, Vice-President and Manager, Trust Department, Sixth & Spring Sts., Los Angeles 14, Calif. Phone: MUtual-0211.*

SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES



(CONTINUED FROM PAGE 28)

their relations with the public. The necessity for the formulation of these policies and programs is understandable when one considers that half a century ago the number of people engaged in handling the daily banking business in Stamford approximated a scant 30 employees, as contrasted with today's total banking personnel of 323, of which 158, or 49 percent, are women. Fifty years ago women had not entered the banking field, even as stenographers, and it was not until 1913 that this situation changed in Stamford. In the summer of that year the first woman employee was invited to invade what had been up to that time a sacred and mysterious all-male domain."

The reader was reminded that from pioneer days banking had gone steadily forward "to become a big factor in our national economy."

Events of the past half century were also recalled, and then the booklet went on to point out that despite the ups and downs of history, "banking enjoys the distinction of having in existence more institutions with over 100 years of continuous service than any other type of business." One of the present Stamford banks received its charter in 1834; another reaches the century mark in 1951.

In conclusion the clearinghouse thanked its members, customers and friends "who have made its growth possible."

"It is proud to be a part of this thriving community and hopes the next 50 years will be a repetition in growth of the past, and that it will be its continued privilege to serve the people of Stamford and vicinity."

TOP officers of the clearinghouse banks sat together at the community clam-bake that marked the exposition's opening, and later the members of the committee responsible for the banks' booth climbed into the two old cars for the parade around town. Later the same day Harold E. Rider, president of the association and of the Stamford Trust Company, was interviewed by a local radio reporter on the duties and functions of the organization.

Members of the clearinghouse are First-Stamford National Bank and Trust Company, Stamford Trust Company, Fidelity Title and Trust Company, Springdale Bank and Trust Company, Stamford Savings Bank, Citizens Savings Bank, and Home Bank and Trust Company of Darien.

JOHN L. COOLEY

BANKING

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30,000

CALLS FROM BANKERS

Each year The Northern Trust Company receives more than 30,000 calls and personal visits from bankers. This is one example

of the close, friendly relationship that exists between this bank and its correspondents which number more than 700.



HOW NORTHERN TRUST SERVES YOU:

Collects local and out-of-town checks, drafts, notes, maturing bonds and coupons.
No day-to-day holdovers.

Assists in selection and purchase of commercial paper to be held, if desired, in safe-keeping without charge until maturity.

Ships currency according to most advantageous postal and express schedules.

Provides credit information, undertakes special investigations upon request, and offers industry studies prepared by our analysts.

Participates in excess loans of banks to their customers of approved responsibility.

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Transfers funds by wire or other means to any accessible point in the United States.

These services are part of the more than 50 individual services offered your bank, its customers and employees through the complete, modern facilities of our Trust, Bond, Commercial Banking and Foreign Departments.

THE NORTHERN TRUST COMPANY

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Member Federal Deposit Insurance Corporation

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Did you know?

... that in 1861 the first federal income tax was imposed on all incomes at the rate of 3% on excess of \$800, later increased to 5% on incomes between \$600 and \$5,000 and 10% on amounts over \$5,000? This "Civil War" income tax was highly productive and remained in effect until the year 1872.

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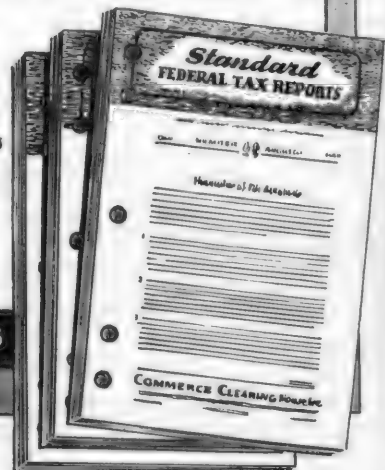
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50



Many Happy Returns

This fall American banking is entering an important anniversary year—the 75th for the American Bankers Association and the 50th for the American Institute of Banking.

On September 13 Secretary of the Treasury Snyder addressed hundreds of A.I.B. chapters over a nationwide radio hookup. Harold Stonier, executive manager of the American Bankers Association, parent organization of the A.I.B., said in introducing Secretary Snyder:

"In September 1898, a group of bank clerks met together

one evening in Minneapolis and organized a class to study the law and practice of banking. Through the inspiration of that class, others were organized in various parts of the country; and as a result, in 1900 the American Institute of Banking was born. These events took place long before adult education was popular in the land. At that time, few colleges had business courses. Therefore, the men in Minneapolis more than 50 years ago were pioneers in a new kind of education. Since then, many trades and professions have

(CONTINUED ON PAGE 70)



Left, A.B.A. Executive Manager Harold Stonier

Right, Secretary of the Treasury John W. Snyder



At the top of the page—The birthday card shows a group of A.I.B. members and their guests at a gathering of the Minneapolis Chapter on the occasion of Secretary Snyder's broadcast. It was in Minneapolis that the Institute idea originated



The Harvard campus from the Graduate School of Business, with Weeks Memorial Bridge in the foreground

Banks and the College Graduate

JOHN W. ECK, JR.

Mr. ECK, who graduated from the School of Business of the University of Colorado last August, says:

"I have planned to enter the field of banking, so I have specialized in banking studies. A number of fellow students have shown a similar interest, but very few plan to enter the field of banking. I have wondered why."

In an effort to find out, the author, during his senior year, made a survey of business schools throughout the country, the results of which are given in the following article.

CAN BANKS meet competitive demands for college graduates? A survey among major American universities and colleges having schools of business or schools of commerce indicates that a small percentage of graduating stu-

dents, throughout the country, is interested in the banking field.

Questionnaires were sent to 60 major business schools in 1948 and to 100 in 1949 in order to obtain adequate statistical coverage and a two-year comparison. In this questionnaire, information was requested as to the number of graduating business school students entering the banking field in comparison to the number of degrees conferred by the school of business. Also, any additional pertinent information which would be of assistance in making this survey was requested. Questionnaires were sent to all colleges having business schools or schools of commerce listed in the *Blue Book of Colleges for the United States*. The tables printed here indicate the results of these surveys as shown in answers received.

1948 SURVEY

Eastern U.S.A.	Graduates	Entering Banking	Remarks		Graduates	Entering Banking	Remarks
Columbia U.	146	2	Students feel reluctance to consider banking due to low salaries and slow advancement.	Rutgers U.	135	3	—
				Temple U.	175	7	—
				U. of Buffalo	90	1	—
				Rider College	321	2	Low salaries and slow advancement.
U. of Connecticut	149	3	—	Southern U.S.A.			
Harvard Graduate School	368	19	—	U. of Alabama	107	0	Salaries too low to attract from active competition.
Johns Hopkins	45	0	Students are interested in banking but find the beginning salary too low.	U. of Missouri	200	1	—
U. of Pittsburgh	224	1	—	U. of Texas	242	10	—
U. of Pennsylvania	?	7	—	Virginia Polytechnic	98	3	—
				U. of Oklahoma	276	1	—

	Graduates	Entering Banking	Remarks		Graduates	Entering Banking	Remarks
U. of Tennessee	225	3	—	U. of Minnesota	706	6	—
<i>Middle West U.S.A.</i>				Miami U.	321	3	—
U. of Chicago	101	3	Much less interest than in the 1920's.	Nebraska U.	182	7	In this area, not enough banks have developed well rounded training programs for college men.
DePaul U.	100	0	—	Ohio State U.	355	5	—
Drake U.	125	0	Students avoid banking since they believe the salaries are low and the advancement slow.	<i>Far West U.S.A.</i>			
U. of Illinois	257	7	—	U. of Colorado	200	4	Low salary.
U. of Indiana	631	5	—	U. of Southern California	?	1	—
U. of Michigan	189 (B.B.A.)	—	—	Stanford Graduate School	272 (M.B.A.)	20	—
	107 (M.B.A.)	10	—	U. of Oregon	117	5	—
				Loyola U.	30	?	—
				U. of Washington	541	?	—

1949 SURVEY

	Graduates	Entering Banking	Remarks		Graduates	Entering Banking	Remarks
<i>Eastern U.S.A.</i>				U. of Texas	476	6	—
Boston College	83	0	—	Tulane U.	165	1	—
U. of Buffalo	154	0	—	U. of Virginia	157	7	—
City College, N. Y.	1,681	?	—	<i>Middle West U.S.A.</i>			
Columbia U.	157	6	Better training programs are being offered and salaries are beginning to compete with business.	Bowling Green (Ohio) State U.	93	1	—
U. of Connecticut	300	0	—	Creighton U.	95	3	Salaries too low and no established training program.
Duquesne U.	342	1	—	Drake U.	103	—	One man may later enter a bank of which his father is president.
Harvard Graduate School	660 (M.B.A.)	21	—	Franklin (Ohio) U.	151	23	—
Johns Hopkins U.	61	2	—	Kent State U.	286	0	—
U. of Pittsburgh	353	5	—	U. of Michigan	242 (B.A.)	7	—
St. John's U.	215	2	Opportunities in other fields are initially more attractive.	128 (M.B.A.)	7	—	—
Temple U.	420	9	—	U. of Minnesota	380	6	—
<i>Southern U.S.A.</i>				Nebraska U.	247	3	May be more eventually.
U. of Alabama	230	0	Salaries low, little progress planning.	U. of North Dakota	102	2	There may be others who have accepted positions. Banking does not rank high with graduates as a source of employment.
U. of Arkansas	390	2	—	Oklahoma A. & M.	343	—	Ten majored in finance.
Baylor U.	290	3	Salaries lower than in other fields.	U. of Toledo	101	0	A student was offered \$150 a month. He is now receiving \$300 at a gas station.
U. of Florida	173	1	Low entrance salary and lack of training programs are the main reasons.	U. of Wisconsin	?	3	—
U. of Kentucky	227	6	Those with intense interest in banking seemed to obtain fair salaries.	<i>Far West U.S.A.</i>			
U. of Miami	250	3	—	U. of Arizona	152	1	Salaries too low.
U. of Mississippi	113	1	Two others interested but not enough salary offered.	U. of Colorado	222	1	—
Mississippi State College	160	1	Son of president of small banking chain.	Loyola U.	64	?	No information.
U. of Missouri	266	2	There were about six offers refused because of salary.	Montana State U.	81	4	—
U. of Tennessee	200	5	We have had quite a few banking opportunities this year; however, the starting rates are still low.	U. of Oregon	415	?	—
				U. of Utah	350	15	Some bankers are beginning to offer competitive salaries.
				Brigham Young U.	145	4	Banks in this area are obtaining students with less than B.S. degrees at lower salaries than would have to be paid to college graduates.

There follow some quotations from letters from the administrators of various schools of business, indicating special interest in this problem.

The remarks of the placement service head of one large

eastern university are: "Students who reject consideration of banking careers do so for the following reasons:

"A starting salary rate which does not compare favorably

(CONTINUED ON PAGE 118)



How NOT To Teller

or, Henrietta's Big Moment

Drawings by DICK ERICSON, based on a bank skit given in connection with "Courtesy Week" in Reno, Nevada. This material was supplied to **BANKING** through the courtesy of the First National Bank of Nevada, Reno, and the Pacific Telephone and Telegraph Company



Here she comes, tripping happily into the bank, "tra-la, tra-lay, what a wonderful day, I'll cash my check and spend my pay, um-te-um-te-um-te-ay."



She picked the shortest line and got stuck behind a gent with a satchel full of deposits—but you can't get her angry. She's about to cash her check.



"Will you cash this check for me, please? Here's my identifica . . ."

"You have an account here?"

"You mean, in this bank?"

"Naturally, madam, naturally. What else could I mean?"



"No, I haven't; I'm from out of town, but here's my identi . . ."

"Sorry, but I can't cash an out-of-town check unless you have an account here."

"I beg your pardon?"

"I said, madam, I can't cash it unless you have an account here!"



"Why, I never heard of such a thing! This is a Telephone Company paycheck, and here's my iden . . ."
 "I can read, lady, but I still can't cash it!"
 "But I'm here on business for the Telephone Company. You can call Mr. Bruce of the company—he's the district manager—he'll vouch for me . . ."



"Madam, I do not know Mr. Bruce, and even if I did I still can't cash it!"
 "You mean you won't cash a Telephone Company paycheck?"
 "I can't cash ANY check unless you have an account here!"
 "Well, I've got to get it cashed; is there some other bank in Reno that will. . ."



"Look, lady, there isn't any bank in Reno that will cash it unless you have an account!"
 "Now you look, I've got to get this check cashed, that's all there is to it! I have only about 10 cents left; what am I supposed to use for money? . . ."



"I'm a very busy man, madam, very busy indeed. Now, why don't you take it to Harrah's, or Cal-Neva, or Harold's Club. They'll cash anything."



"Goodness, I don't want my paycheck cleared through a gambling club!"
 "I'm sorry, lady, but I CAN'T CASH IT!!!"



Well, there she goes—out to do a little "advertising" for the bank.

METHODS *and* IDEAS

This department is edited by JOHN L. COOLEY of BANKING'S staff.

"The Job of Being Your Banker"

A BANK in Benton, Kentucky, used a novel approach in soliciting business in its community.

"Bank of Marshall County Applies for Position as Your Banker," said the display type heading over a half-page newspaper advertisement. "When someone comes to you for an important position," continued the copy, "you like to know all about him. The Bank of Marshall County wants to serve you. Here is how an application blank might look if the bank could call on you and present its qualifications:

"Name . . . Bank of Marshall County

"Address . . . Benton, Kentucky

"Age . . . 46 years

"Connections . . . American Bankers Association, Kentucky Bankers Association, Federal Deposit Insurance Corporation

“Reference . . . Over 4,500 customers, with deposits or loans

"Number of Directors . . . 9

"Number of Employees . . . 8

"Type of Service . . . Personal and business checking accounts, loans, safe deposit boxes, travelers checks, many other friendly services, and FHA loans."

A condensed statement followed.

The ad concluded with this invitation: "Come in and tell us what the job of being your banker involves. We'll explain what we have to offer you."

s "If you are not already a customer of ours we invite you to open an account with the bank that is 'Closest to the Heart of Marshall County's Progress.' If you are a customer now, we assure you we deeply appreciate all business entrusted to us."

Bank of Marshall County

APPLIES FOR POSITION AS YOUR BANKER



The Woronoco Savings Bank of Westfield, Massachusetts, devised this school savings wall chart to show visiting pupils what happens to their money when it is deposited. Young people of junior and senior high school ages are encouraged to come to the bank for conducted tours.

Prize Letter Contest

FIRST NATIONAL BANK OF NEVADA, Reno, conducted a prize letter contest for its employees on the subject "How I Can Help Sell First National."

"The overall objective," said President W. W. Hopper, in announcing the competition to the staff, "is to stimulate depositor and customer consciousness among our entire staff, to bring about an organization-wide appreciation of the borrower and the depositor, and to get every employee thinking in terms of how he can, both in his work and outside contacts, do a better job of developing, serving and increasing the number of our customers."

The contest was suggested by Mrs. Druscilda Arneson, a branch teller. Letters were limited to 300 words.

First prize was a two weeks' vacation with pay, the second one week with pay—both in addition to the winners' regular vacations.

Judges were the bank's board of di-

rectors, assisted by a nonvoting advisory committee of two officers and a representative of an advertising agency.

The contest was widely publicized in the First National's recently established staff newspaper, *Firstnevadan*.

Bank as Partner

THE BANK OF VIRGINIA, Richmond, in a recent series of advertisements, outlined four steps essential to the attainment of success and security. Here they are:

“(1) Learn to control your spending! Only a checking account gives you a record of where your money goes. This enables you to budget wisely.

“(2) Save something from every pay check—before you start to spend! An interest-bearing savings account helps your money grow faster.

"(3) Choose the goals that mean success for you! A new home—education for your children—a business of your own—a vacation cottage—stocks and bonds—sizable savings—any or all of these can be yours if you determine to get them.

"(4) Select a bank that will be your partner! Its help can be invaluable in solving personal or business problems—in making funds available without disrupting your checking and savings programs."

"These four steps will carry you far along the road to success and security. But remember—the responsibility for taking them is yours alone. No one can make you a success but yourself. It is your determination and persistence which count—plus the cooperation of your bank."

Each step was developed in a separate ad, and later the series was published in folder form, with the suggestion that "this bank can serve as your partner, working in a sound and practical way to help you reach your goals of success and security."

Posters Explain Check's Journey

As part of its school relations program the IOWA-DES MOINES NATIONAL BANK, Des Moines, has prepared eight posters which trace and explain the travels of a check from the time it is received by the bank until it is returned to the owner.

Entitled "The Flight of a Check Through the Iowa-Des Moines National Bank," the series is shown to the children when they visit the institution. Each poster is illustrated with a photograph that enables the pupils to visualize the operation described in the copy.

The first poster (see photo on this page) shows how checks enter the bank. In the second the young person learns about the proving and sorting of checks. The third explains what happens to "on us" checks in the bookkeeping

department, and the fourth and fifth cover the services of the transit department. Another poster tells the visitors that checks on other Des Moines banks are sorted, listed, and endorsed, and then exchanged at the clearinghouse. The seventh covers the cancellation of checks, while the last step is their return to customers at the end of the month.

Bank Offers Its Ads

MELLON NATIONAL BANK AND TRUST COMPANY of Pittsburgh reports a good response to its offer to give other banks mats of its series of advertisements aimed at helping the public understand the commercial services of commercial banks.

More than 65 banks throughout the country have requested the free mats,

which are printed over the local institutions' signatures, without credit to the Mellon. Users have written to say that the ads are doing a good educational job for the banking system as a whole.

Commendations on the series have been received from 35 states. The bank has also had correspondence about the ads with banks in foreign countries.

Bankers at School

MARSHALL & ILSLEY BANK of Milwaukee used the 1949 session of the School of Banking at the University of Wisconsin as the occasion for calling the public's attention to banking education.

A lobby exhibit, "School Days," told the public: "Bankers go to school, too, the better to serve you." The display

(CONTINUED ON PAGE 90)

Foreign students taking a special course at Rensselaer Polytechnic Institute, Troy, N. Y., visited the Manufacturers National Bank where Vice-president M. J. Lewis, seated, right, told them about American banking methods. The students represented 10 countries.



Below, the first poster in the Iowa-Des Moines' series. Right, junior high school students watch the operation of a machine at the bank.



CHECKS enter the bank

THROUGH TELLERS
at banking windows or are deposited by mail

FROM OTHER BANKS
through clearing house
federal reserve banks
correspondent banks



Wage-Hour Law Changes

WILLIAM POWERS

Mr. POWERS is a deputy manager of the American Bankers Association and director of Customer and Personnel Relations.

An article in the February 1949 issue of *BANKING* outlined the provisions of the Wage-Hour Act and promised that legislative changes then being contemplated by Congress would be discussed in a subsequent issue.

At that time administration and congressional leaders publicly expressed confidence in their ability to enact quickly sweeping changes in labor law. The passing months have proved their forecasts ill-founded. Seemingly endless hearings, committee controversies, involved floor debates, and party splits delayed or averted action on numerous proposals. Thus far, only one piece of wage-hour legislation has been enacted—the Overtime-on-Overtime Law. And on this subject of overtime, the Wage-Hour Administrator has released two opinions of particular interest to bankers.

Still pending before Congress are two bills covering a number of wage-hour law changes and including an increase to 75 cents an hour in the minimum wage rate. The House and Senate bills differ in a number of respects, and the current "vacation" of House members delays the final agreement necessary for submission of the legislation to the President.

Overtime-on-Overtime Law

This act, signed by the President on July 20, 1949, contains provisions affecting the Supreme Court's decision of June 1948 in the Bay Ridge longshore case. In that decision, the Court held that premium rates paid under a certain longshore contract must be included in computing the regular rate on which overtime pay is based and may not be offset against statutory overtime requirements.

The new law excludes certain "premium" payments from the computation of regular rate and permits the employer to offset such extra payments against overtime pay due under the Wage-Hour Act. The premiums or extra payments affected are:

(1) Those paid for work on Saturdays, Sundays, or holidays, or on the sixth or seventh day of the workweek.

(2) Those paid for work outside the hours established in good faith under the applicable employment contract or collective bargaining agreement as the "basic, normal, or regular workday (not exceeding eight hours) or workweek (not exceeding 40 hours)."

Such premiums—provided they are not less than one and one-half times the rate paid for regular hours—are not deemed part of the regular rate and may be offset against statutory overtime pay requirements.

The Overtime-on-Overtime Law also contains a retroactive provision relieving employers of liability for unpaid



Wage-Hour Administrator William R. McComb

overtime on certain premium rates which may have accrued prior to passage of the Overtime Act—provided that the overtime payments actually made were in accordance with the new law.

Administrator's Views

On August 11, 1949, the Wage-Hour Administrator issued a statement concerning administrative procedures under the Overtime-on-Overtime Law. Bank operating and personnel officers should discuss the contents of this statement with their legal counsel.

The statement calls particular attention to the fact that premium payments, other than those specifically mentioned in the Overtime Law, cannot be treated as overtime payments, and it cautions employers to include nonexempt premiums (for instance, those at a rate of less than time and one-half) in employees' regular rates of pay when figuring overtime. It points out that the Overtime Law still leaves in effect certain "judicially established principles in reference to overtime compensation."

Business Contest Overtime

On March 25, 1949, the Administrator ruled that employers who inaugurate business-development contests among their employees are required to:

(1) Keep accurate records of time spent in contest activities outside normal working hours.

(2) Count the time spent in such activities (both during and outside regular working hours) as compensable working time and include such time in figuring the regular rate for overtime purposes.

(3) Include the value of prizes in determining the regular rate of pay for overtime purposes.

(CONTINUED ON PAGE 80)



Making an Audience Sit Still

LIONEL CROCKER

DR. CROCKER is head of the Department of Speech, Denison University, Granville, Ohio. He writes here the fourth in his series of articles designed to help the banker who is called upon from time to time to make speeches.

THE psychologist has told us, "Whatever gets your attention, gets you." The job, then, of the public speaker is to get the attention of his listeners and hold it.

First is primary attention. When the speaker steps onto the platform the audience is interested in him as another person. The way the speaker dresses, the way he combs his hair, the color of his suit, whether he is too fat or too thin — all hold attention for a few seconds. The prestige of the speaker — who he is and what he stands for — will hold primary attention. Perhaps the chairman of the meeting can aid in building up this primary attention by his introduction. Maybe the publicity in the newspapers prior to the speech can help in arousing primary attention. Crowds were attracted to hear William Jennings Bryan because of his reputation as a speaker.

But after the primary attention has been satisfied the audience needs to be held through secondary attention. We must hold this attention by means of our ideas and their presentation. Here are some suggestions:

(1) *Know that you have a good idea.* Be confident that the audience will listen to you because you are going to help them. You are not going to flim-flam. You are not going to kill time. You are not going to fan the air. These people before you have definite problems to solve and you are going to help them solve them. They are going to get the better end of the bargain.

(2) *Think through your idea to a simple solution.* If you speak on a theme before you are ready you will merely dump your own confusions on your audience. They will be more confused when you finish than when you started. Have only one central idea. Expression cannot exceed impression.

(3) *Give the audience a simple outline to follow.* Try to keep your sub points down to three and do not exceed five. An audience gets lost with more points and will not retain your analysis.

(4) In treating the idea use the following devices to make the theme interesting:

Be alive. In your delivery be spirited. Let your ideas dance. Tell a story wherein people talk. Dramatize your stories. Let the speech have movement.

Introduce conflict. Show that some of the audience's solutions to the problem won't work. Do this pleasantly, but firmly. Introduce the fight element into your speech. When you take issue with some of your audience's pet ideas, they listen because they are aroused. Robert M. Hutchins uses this device.

Be concrete. Use examples. Use a lot of examples. Use more examples. Illustrate. Show that such-and-such is like something the audience knows. Look for illustrations from daily life. Paint word pictures for the audience. Make eyes out of ears. Show, don't tell. If you can have something in your hand which the audience can see, use it. The mind of your audience is a theater and you are the director.

Be vital. Will your speech make a difference? Your speech should deeply concern life. No one should go out of the meeting just as he came in. Something must have happened to him because you spoke.

Be unusual. Develop your idiosyncracies as a speaker. Dare to be different. Don't be like any other speaker. This does not mean that you have to be spectacular. Be unusual in your ideas. Develop the out-of-the-ordinary.

Be uncertain. Do not let the audience outguess you. Don't let them know what you will be saying in the next five minutes. Introduce suspense. Bring in the novel. Give the sentence another twist than was expected.

Use common ground. Talk about the everyday things which you and the audience have in common. We all like the old familiar faces and places. But do not stay on this note too long. We tire easily of the commonplace.

Tie Up with Audience's Motivations

We also hold attention when we *motivate* our speaking. The speaker must tie up what he wants with what the audience wants. We must tie in with the system of beliefs, prejudices, wishes, desires, and wants of the audience. Of course the speaker must know why the audience acts the way it does. Let us discuss some of the motivations which move most of us to action.

(1) *Self preservation.* Keeping one's health, one's job, one's bank account is important to all of us. Air conditioning, heating, comfort we all want. Preservation of the race,

(CONTINUED ON PAGE 119)



Representatives of 48 nations at the opening on September 13 of the joint meeting of the World Bank and International Monetary Fund

The Picture Changes

HERBERT BRATTER

WASHINGTON
THE Government decided—and we told our American and Canadian colleagues of the decision the first day of our arrival, before starting on any discussions or consultations—to reduce the dollar exchange value of sterling. In the last few days we have settled what the new rate should be and now I have to tell you of that decision; it is that in place of the present rate, fixed in 1946, of \$4.03 for the pound, the rate will in future be \$2.80 to the pound. We consulted the International Monetary Fund and they agree with our action.”

This is the way Sir Stafford Cripps announced to the world that sterling was being devalued by 30½ percent.

The kaleidoscope has turned and a new international economic picture is in the process of formation.

It is clear that sterling and many other currency devaluations now in effect are not only recognition of the great changes in world trade and competitive ability occurring since the old par values were set, but in turn will

have far reaching effects of their own.

The British Chancellor of the Exchequer would have shown more consideration to BANKING had he not delayed his announcement until the magazine was on the press.

While the event had been rumored in Washington for several weeks previously, there was no certainty about the timing. In fact, one of Britain's more prominent financial correspondents, sent to Washington especially to cover the financial talks, felt so sure devaluation was some distance off that he went fishing in New England over the weekend.

With every indication that the American public is getting tired of ERP and that the big aid program may come to a stop in 1952, Britain and many other European countries face the necessity of earning their “dollar way” in a buyer's market.

The British Labor Government had the choice of getting export prices down through reducing costs at a time when British workers were already seeking further pay advances, or cheapening

the pound sterling, in which currency those export prices are quoted. How effective the devaluation of sterling will be in stabilizing Britain's balance of payments remains to be seen. Imports from the dollar area into Britain become dearer at once, of course, and this tends to reduce Britain's home consumption of imported goods; although imports of raw materials from the dollar area for use in manufacturing export goods cannot decline, but should increase.

Measured in dollars, Britain's unit export prices have become reasonable again. A great increase in the volume of British exports to the dollar area is needed, however, if Britain's gold and dollar reserves are to be gradually replenished; for instance, if a British automobile which sold for \$2,000 (£500) may now be bought for \$1,400 (£500), the UK must export approximately 1.44 cars to have left only the same number of dollars as were earned with just one car prior to September 18. To build up adequately its earnings and reserves of dollars, Britain must

expand its exports in this direction several fold. Correspondingly, Britain will be unable to supply as much goods as heretofore to other sterling and soft-currency areas like India—areas which hold large sterling balances.

Britain's step set up a chain reaction in which, within 24 hours, 19 other currencies were devalued in varying degrees. These were Australia, Burma, Canada, Ceylon, Denmark, Egypt, Finland, France, Iceland, India, Israel, Ireland, Malaya, Netherlands, New Zealand, Norway, South Africa and Sweden.

WORLD MONETARY OFFICIALS WERE KEPT AWAKE

Right at the outset, the annual meeting of World Bank and Fund governors in September marked a departure from past practice. Usually the opening and closing formal sessions are rapid formalities, which prompted Secretary of the Treasury Snyder last year to suggest to the governors that they do something about it. This time the delegates were kept awake by the challenging speech of Eugene R. Black, president of the World Bank, who:

(1) Deplored the fact that the Bank

has to date not lived up to the international character blueprinted at Bretton Woods, because, with very minor exceptions to date, member governments will not permit the Bank to lend capital which, supposedly, those members contributed in the form of their local currencies;

(2) Urged members to increase in their territories the eligibility for investment of the Bank's bonds;

(3) Advised that the time has come for both European countries and the United States to make fundamental adjustments in present patterns of trade and production by assisting the dollar-deficit countries to compete effectively in world markets through a system of realistic exchange rates, etc.

(4) Recommended allocation of ECA funds so as to reward performance rather than non-performance, as heretofore, and removal of all restrictions from the use to which ECA dollars may be put;

(5) Suggested lowering of U. S. barriers to imports.

While Mr. Black was reading his address, Sir Stafford Cripps, with a copy before him, followed word for word with serious mien and was observed to underscore with a pencil Mr.

Mother Goose Monetized

The U. S. - U K - Canadian financial talks were set to verse in London's socialist weekly, *New Statesman and Nation*. Some of the jingles were:

Little Bo-Cripps

From the sheepfold slips—
When dollars are lost, he must find them;
—So Stafford and Ernie
Set out on the journey
Bringing their crisis behind them.

Little Miss Muffet

Fell off her tuffet
When a spider came after her whey;
But a seat next to Snyder,
The big money spider,
Won't frighten Sir Stafford away.

"Pussy Cripps, Pussy Cripps, where have you been?"

"I've been to Washington miaowring at Dean."

"Pussy Cripps, Pussy Cripps, what did you there?"

"I frightened him stiff with a Communist scare."

American, British, and Canadian officials meeting at the State Department in Washington are, left to right: British Ambassador Sir Oliver Franks; Sir Stafford Cripps, British Chancellor of the Exchequer; Secretary of State Dean Acheson; Ernest Bevin, British Foreign Secretary; Secretary of the Treasury John W. Snyder; Canadian Finance Minister Douglas C. Abbott; Lester B. Pearson, Canadian Under Secretary of State for External Affairs; Hume Wrong, Canadian Minister to the United States; and ECA Administrator Paul Hoffman



HARRIS & EWING



WIDE WORLD

In Germany, this year's Leipzig fall fair featured a wide variety of exhibits of products which the nation's rehabilitated industries are preparing for world markets. Above is a display of optical glass and glass equipment for laboratories

Black's brutally frank remark that "many countries cannot now afford ambitious programs of social services without either reducing their living standards in other respects or cutting back their productive investments designed to make possible a better standard of living in the future." This was plain speaking.

POINT IV

President Truman's Point IV seems to be easier to "sell" in the abstract than to implement. And there are many pitfalls. At any rate, there are many customers for the idea abroad. American businessmen are stressing assurances for investors, and for those assurances they look to Washington. Since U. S. guaranties on American investments abroad actually may encourage careless policies on the part of other governments, the program is not as simple as it looks. Doubts on this score were expressed by Winthrop W. Aldrich, chairman of the President's Advisory Committee on Foreign Financial Problems, during his testimony on the Point IV bill.

PROPAGANDA-CONSCIOUS WORLD

The organized sowing of ideas to gain public support has become, in these days of widespread literacy and radio listening, both an instrument of international struggle and a domestic tool of

government. The average citizen has no conception of the propaganda effort used to insure acceptance of such programs as Bretton Woods, ITO, the British Loan agreement and the like. Publicity is not merely a midwife attending the birth of new organizations, but as well their nurse and servant as they grow and flourish. In the case of the ERP, unfortunately, the realities as well as the hopes have found their way into the newspapers. This is why the Senate Appropriations Committee gave Paul Hoffman such a rough time when he was before it this summer. So when Mr. Hoffman later went to Paris he had to appeal to OEEC for better publicity material, saying there was "breathtaking urgency . . . in stepping up your own informational activities." He asked OEEC for accomplishments in cooperation "to which wide publicity can be given in the United States."

TRADE FINANCING JOB AWAITS BANKERS

Wayne C. Taylor, Assistant to the Administrator of ECA, following his return from a two-month trip to Europe as head of the ECA-Commerce Department joint mission investigating the chances of increasing American imports of European goods, expressed to BANKING the view that a material increase is possible. This will require not only market research in the U. S., some-

thing which Paul Hoffman has been emphasizing, but organization of European producers. The latter will have to "shake a leg."

"There's a job for American banks to do in this connection," Mr. Taylor told the writer. "This is in connection with financing inventories of European goods. To meet the buying habits of American merchants and insure prompt filling of re-orders, European sellers in this market must find ways of stockpiling their goods here; but until now they have been unable to get the necessary financing from either European or American banks." Mr. Taylor indicated that the Export-Import Bank also may be called upon to take a hand in the matter. During the war it acquired some experience in financing private stockpiling of a South American oil in this country. Also it has financed imports of Mexican handicrafts, apart from its interest in financing the Italian handicraft industries.

INVESTMENT GUARANTIES

Whether the \$150-million investment-guaranty power Congress gave the ECA will last until next year seems to depend upon the general political climate in Europe, especially as affected by the Washington talks of September. At this writing only about one-tenth of the \$150-million has been used up, with perhaps another \$15-million of applications pending. Until now American businesses have not fallen over one another to get the benefit of the ECA guaranties. According to Mr. Taylor, in whose department this program is handled, many projects which have not reached the formal application stage have been discussed with ECA. With revived confidence in Europe, the number of applications could easily mount.

POST-ERP

As foreshadowed in this space many months ago, the ERP is not doing the economic job it was set up to do. Now it may be told, officially. On September 1 the OEEC formally sent to ECA in Washington its report saying:

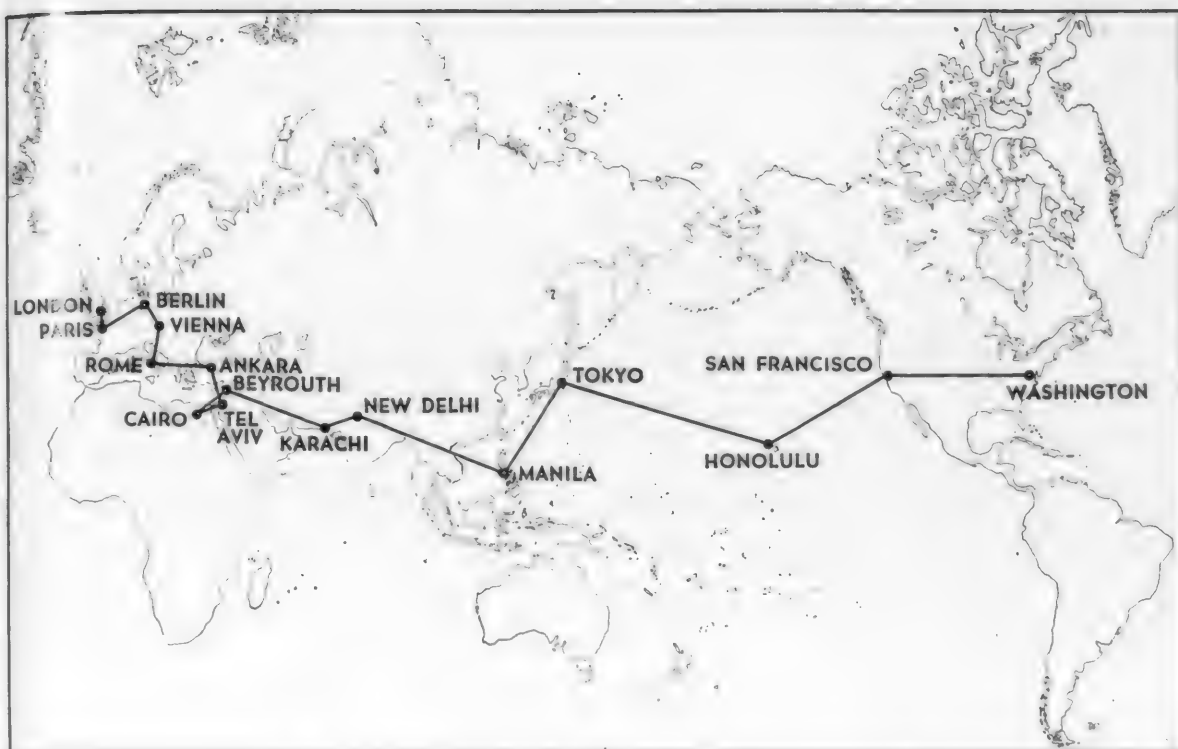
If it was at one time our belief that European recovery was proceeding fast enough to make it possible to achieve viability in 1952, we must now admit that the rate of progress is not sufficient.

The dollar problem, despite the improvement in the situation over the last two years, is not on the way to solution.

The Associated Press, in reporting the above from Paris, made the following

(CONTINUED ON PAGE 113)

BANKING



This is the round-the-world route taken by the "Town Meeting of the Air" party

A Round-the-World Glance at Business

THE world's high regard for United States manufactures and its even higher regard for the United States dollar are the two outstanding impressions brought back to this country by W. Linn Hemingway, board chairman of the Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri. With 25 other representatives of American organizations, Mr. Hemingway has just returned from a two-month world tour, sponsored by the radio program, "Town Meeting of the Air."

"Anyone who is intrigued with the idea of the rubber dollar," says Mr. Hemingway, "should make a trip such as we did. He'll come back with the feeling that the most important thing we can do for this country's prosperity is to keep our currency sound."

In the course of girdling the globe, the "Town Hall" group held sessions in London, Paris, Berlin, Vienna, Rome, Ankara, Tel Aviv, Cairo, Karachi, Delhi, Manila, Tokyo and Honolulu. At each of these points the "Town Hall" discussions were recorded and flown to the United States for broadcast

This is an interview with W. LINN HEMINGWAY, former president of American Bankers Association, now chairman of A.B.A.'s Advisory Committee on Special Activities and a member of the Committee on Government Borrowing.

over the American Broadcasting Company's network. The group is also scheduled to take part in similar meetings shortly in San Francisco and Washington (Washington—October 18).

The currency question, says Mr. Hemingway, who represented the American Bankers Association, was a major problem in almost all countries the group visited.

Of all European countries, Britain seemed to be the one in the dire straits economically, according to Mr. Hemingway. That country, which was a creditor nation before World War I, has liquidated most of its overseas assets to finance two wars and can no longer rely on dividends and interest on its investments to maintain a commanding economic position. The country is not self-sufficient in foodstuffs or

raw materials and must work out some method of selling enough of its manufactures and services to balance its necessary imports.

Most of the free countries on the European continent, on the other hand, seem to be on the upswing. France's problems—and there was no country visited which did not have economic headaches in some degree, with the possible exception of Turkey—do not seem insurmountable. France has the advantage of being self-supporting in foodstuffs.

Italy, although like England overpopulated in proportion to its producing possibilities, is making a comeback largely because of the tourist trade.

The occupied countries, such as Germany and Austria, still are very much in a state of flux and it is impossible to generalize about them so long as their economies are held within bounds established by their occupying powers, Mr. Hemingway said. He did hear reports that Western Germany is making progress, but views are conflicting.

(CONTINUED ON PAGE 115)



The Capital's air terminus, a busy spot in this season of high level conferences and international goings and comings

Beyond This Session of Congress

LAWRENCE STAFFORD

(NOTE: *The Washington monetary conferences held last month are reported by Mr. BRATTER in "World Business," page 42.*)

EVEN this early there is every sign that the banking and business world will find the 1950 session of Congress fully as hectic as the over-long, chaotic session of this year.

For one thing, the session's docket will be crammed with major controversies. These include an indigestible volume of "left-overs" from the 1948 docket, such as "repeal" of the Taft-Hartley labor law, the Brannan plan for direct farm income subsidies, compulsory prepaid health insurance, Federal aid to education, a vast expansion in the coverage and cost of social security, and "civil rights" legislation of several varieties.

All of these proposals are highly controversial. All will consume time. They are more than one session of Congress could possibly handle, even if the President avoids coming up next January with some new and fancier ideas, and the President is facile at promoting broad, new plans. Then, too, the world

situation will give rise to controversial legislation on the size of the next appropriations for arms aid, for economic aid, and for national defense.

Into this welter of first-rate national issues there will be as big or quite possibly a bigger menu of legislation affecting the banking world directly and indirectly. The monetary study of a joint committee is scheduled to get under way this fall, with possible legislative recommendations. Congress probably will deal with deposit insurance cost. The whole subject of Federal savings and loan association competitive advertising practices is likely to get an airing. There will be various proposals to put the Government into lending on a little scale, and on a big scale.

It is not only the unmanageably large docket of business which will make for a hectic session. Another factor is that 1950 is a congressional election year, and always in an election year political considerations, ever to the fore, become even more dominant.

Then, too, time will crowd the session. The agenda must, by one means or another, be limited. It must be limited because Congress by late summer will

want to get out and go home and campaign for re-election. Even during the session, beginning in spring, entire state delegations will absent themselves for a week or so at a time to campaign in primary elections. This will slow down the legislative wheels.

Withhold Judgment on Monetary Study

Even before next year, the Congressional Joint Committee on the Economic Report will tackle a subject which arises out of the greatly expanded Federal debt and the prospect of a new era of deficit financing. That problem is how to create through the Federal Reserve System a mechanism of monetary management for regulating the supply, cost, and availability of credit, under circumstances in which the management of the Federal debt overshadows and almost overwhelms the powers of the Reserve System.

Informed observers are inclined to withhold judgment for some time as to what they expect to develop out of the monetary study now getting under way. This is the study which is being made

by a subcommittee of the Congressional Joint Committee on the Economic Report. Senator Paul Douglas, Illinois Democrat, is chairman of the subcommittee.

From the questionnaires sent out by the subcommittee staff, various inferences have been drawn. Some of these questions seem to be leading banking, business, and industry to testify in favor of greater controls for the Federal Reserve System, perhaps even controls over the reserve requirements of non-member banks.

Other questions would seem to be aimed at drawing support for some unified form of Federal bank supervision. Still others deal with additional topics of substantial controversy in the banking world. This is as true of the questionnaires sent to the bank supervising agencies as to those sent to bankers, businessmen, and others.

In fact, however, these questionnaires are viewed by seasoned observers, in the Government and outside, as primarily catalogs of main current topics under discussion involving the banking world, the Treasury, and other bank supervising agencies. It looks as though some one read over the news of the banking and monetary world for the last year or so and listed the better known subjects about which there was a substantial difference of opinion, with a view to getting further information and opinions about them.

Hence, the questionnaires in themselves are no harbingers of any particular, unwelcome recommendations to come.

On the other hand, the personnel of the subcommittee handling the monetary study would rather suggest that any recommendations would be on the "liberal" side, according to the current feeling about what is "liberal." Most of the members of the subcommittee are "liberal," and this subcommittee counts only one known, consistent conservative, Rep. Jesse P. Wolcott of Michigan, a Republican.

Senator Douglas himself, the subcommittee chairman, rather holds the door open to a wide agenda of subjects, in a statement on the objectives of the monetary study which he prepared for BANKING. He said:

The subcommittee plans to make a comprehensive study of the effectiveness and coordination of monetary, credit, and fiscal policies in the United States. It will, therefore, consider the purposes and objectives of the general monetary, credit, and debt man-

agement policies of the Federal Reserve and the Treasury; the instruments for monetary and credit control available to these agencies; Federal policies relative to bank chartering, supervision, and examination; the functions and policies of the various other Federal credit agencies; Federal fiscal policies, and the relationships of these various policies to each other. The emphasis will not be on the technical details in these fields, but rather on the roles played by these policies in attaining the broad purposes of the Employment Act.

When the subcommittee opens its monetary study later this fall to public hearings, the subject may get a substantial "ear" from the public. Joint Economic Committee hearings for the last couple of years have in effect been the public forums before which the Administration's economic plans have been tried.

On the other hand, the public attention the hearings will get will be way out of proportion to the actual legislative influence of the committee. The Joint Economic committee's chief usefulness has thus far been to provide a place for public hearings on broad economic questions. This committee, even when it recommends, cannot sponsor legislation. It must persuade other and legislative committees to act if it is to achieve legislative results. The JEC's direct legis-

lative influence, since it was established under the Legislative Reorganization Act of 1946, has been on the negligible side.

Push Government Lending

Proponents of Government loans for business once again may be expected to bring their schemes to the fore. The most notable of them was that advocated by the White House. This proposed to remove all limits on the maturities of loans which the Reconstruction Finance Corporation could make to business borrowers. It also proposed to double RFC's funds available for loans.

This was opposed by the American Bankers Association. It appeared that this year Congress was more convinced by the spokesmen for the A.B.A. than it was by those who appeared on behalf of the proposition from RFC. Congress saw little need for a business loan maturity of longer than 10 years or for a doubling of the agency's funds.

On the other hand, the failure of the RFC scheme to pass this year is no sign that the majority of Congress can be counted upon to oppose the principle of Government lending, even such long-term "lending" as becomes de facto Government partnership in equity financing.

(CONTINUED ON PAGE 127)

Below, members of President Truman's Steel Fact-Finding Board, with the Chief Executive, are, left to right, David L. Cole, Judge Samuel I. Rosenman, and Dr. Carroll R. Daugherty, chairman. Steel and coal mediators were almost as busy as monetary conferees last month.



WIDE WORLD

How To Take It Easy

DONALD A. LAIRD

Dr. LAIRD is the author of a few dozen books and some hundreds of articles. One of his interests as a psychologist has been industrial relations, in which field he has been both a writer and a consultant to several corporations. He was also, at one time, director of the psychological research laboratory at Colgate, where he taught psychology for 15 years. Readers of the article which follows will be interested in the fact that in Dr. LAIRD's living room in Lebanon, Indiana, is the motto, "Aequo animo" (With equable mind), which helps him avoid the fate of Jonesey, the controller.

Poor JONESEY," they said in the office the next day, "he's been working too hard and now he has a nervous breakdown." They were partly right. Nervous tension did finally get the best of the company controller, but overwork was not the cause. Jones was a hard worker, true enough. In fact, he did everything the hard way. He smoked without realizing he smoked incessantly. either, for he never paused long enough tobacco. **CCC** He ate hard. Not lots, his plate. He kept thin without trying. ing over business problems with his lunch there was always a lumpy feeling in his hard, too, and by fits and starts. He was lie in bed, trying to sleep, but would think about his work for hours. Jones was fearful of making mistakes, and would review everything he had done the previous day.



If he had made mistakes, someone else might be promoted to treasurer, and he was living for the day when he would get that coveted position. Sometimes he dreamed about being in the big front office, owning a big new automobile, and moving into a really high class neighborhood. After such a night he awoke the next morning feeling more tired than the night before. Breakfast didn't taste right. He was not very pleasant to his wife. **CCC** When he reached the office his stomach had that funny feeling again. He thought maybe he should see a doctor. Then he lost his temper at a bookkeeper and forgot all about his stomach. He sat tensed at his desk, carefully reviewing reports and checking totals—which had already been checked twice—to see whether he could spot a mistake.



Jones is another case of modern nervous tension. It is important to know about this, for it is a condition that prefers to settle on capable men and women who are striving to get ahead. It is a price some people pay for success. Dubs and shiftless people almost never succumb to nervous tension. **CCC** Those who are on the ladder must learn how to *work* and how to *think* and how to *feel* so they will not fall into the clutches of one can work around the Nervous Tension. The correct attitudes protect one from excess tension, while the wrong attitudes cause it. *Decide right now that you will adopt relaxed rather than tensed attitudes.*



Attitudes that Avoid Tension

Good old Thomas Edison could work like a demon for long periods, yet nervous tension never even brushed by him, for he had an assortment of attitudes that protected him from it. When things were not going right in the development of his inventions he took it in his stride. It was just one of those things. In a few days, or months perhaps, he felt he would find a way around it. Edison was ambitious—but he was also *hopeful, optimistic*. He didn't see a stone wall, but always the loose chinks in the mortar where it would be easy to make an opening. One of the first steps to insure yourself against nervous tension is to copy that attitude of hopeful optimism. **CCC** Get the habit of looking for the best, not imagining the worst. **CCC** But now look at another great electrical inventor, Nikola Tesla. Tesla was a was the man who invented the rotating magnetic field for today's electrical motors, alternating current transmission, and a host of other developments.



Electrical engineers tell me that Tesla was a more brilliant inventor than Edison, and I'll have to take their word for it. I do know, however, that the last half of Tesla's life was a failure, and he produced nothing because he made the mistake of coaxing nervous tension. While Edison went on from one triumph to another, Tesla came up against that stone wall. Tesla lost weight, became more and more irritable, had to sip innumerable glasses of milk for his stomach condition, half of his life complaining. Edison was friendly. Tesla was un- is a helpful attitude to ward off nervous tension, while unfriendli- son liked to joke. Tesla was serious as the sphinx, all the time. ous moments, too, but he *knew how to play*. The Good Book says play and a time for seriousness. Edison followed that admonition play ventilate his troubles. Tesla kept serious all the time and un- his troubles to build up inside him until he became a bundle of



and spent the last friendly. *Friendliness* ness lures it on. Edi- Edison had his seri- there is a time for and let occasional wittingly encouraged tensions.

Jonesey, the controller, thought he was playing when he joined the bridge foursome every Wednesday night. But he really didn't play bridge—he worked at it. He should have felt more rested after an hour of bridge, but he was trying be tied. He criticized his when he dealt the cards, he nearly had apoplexy and next morning. He wanted so even in a friendly bridge takes an attitude of being a *good loser* in the minor things of life to safeguard against nervous tension.



Use perspective to figure which are the important things, and which the minor. Save your seriousness for the important things only. Jonesey and Tesla made the mistake of imagining everything was equally serious. That makes life about as enjoyable as one long funeral. Most set-backs are in minor things, so why work yourself into a lather about them! *CC* Tesla and Jonesey also imagined everyone was out to beat them. They grew thin from suspicion. Sometimes Tesla was so suspicious of people he cooked his own meals to make sure no poison was slipped into his soup. On the other hand, Edison took folks at their face value.

- (1) *Be hopeful, optimistic.*
- (2) *Be friendly.*

- (3) *Learn to play.*
- (4) *Be a good loser.*

- (5) *Use perspective.*
- (6) *Trust others.*

Criticism, hostility, and jealousy

When the vice-president stopped in Jones' office and said casually, "It's warm in here," Jonesey got the jitters again. He thought that commonplace remark was a criticism of him. He imagined the boss was implying that steam was being extravagantly ways looking for criticism in others' remarks and him, for instance, he puzzled to figure whether it was necktie, and he would blush and look at himself in his be wrong with him. That was really a form of conceit, lookout for criticism. His perspective was wrong when attention—and of criticism—by every Tom, Dick, sensitiveness to criticism adds needlessly to anxiety. vince yourself of the truth that only once in a hundred for you. And on that hundredth time the criticism may be only spite work, born of jealousy, and thus reflect more upon the critic than you. And if the criticism is really a criticism, you should be appreciative.



Stop looking for criticism of yourself. The best way to stop is to give up the practice of criticizing others, either openly or secretly. Make it a practice to *look for the good points in others*. Then be man enough to *tell* them the good things you have noticed. You can do this sincerely and out slobbering unwanted flattery. It is amazing how this changes mis- how it uproots suspicion and hostility. It does something to other people, more for you. *CC* The most vicious form of criticism is self-criticism. ness comes from the fact that self-criticism is usually fancy belly-aching least bit constructive. It tears down trust in self—the way Jonesey couldn't go to sleep nights because he distrusted his accuracy in that day's (CONTINUED ON PAGE 70)



Accrual Accounting for Banks

Of the two methods of bank accounting in general use—the cash basis and the accrual basis—the cash basis seems to enjoy a favored position because it is considered easier to operate. The paucity of information that has been available giving detailed directions on how to install and operate accrual accounting procedures is largely responsible for perpetuating this practice.

To enable banks to take advantage of the more accurate accounting picture provided by accrual accounting, the Bank Management Commission of the American Bankers Association has published *Accrual Accounting for Banks*, which provides a step-by-step presentation of an accrual accounting method. E. V. Krick, senior vice-president and cashier, American Trust Company, San Francisco, is Commission chairman and O. T. Jones, controller, American Trust, is chairman of the Accrual Accounting Committee that made this study.

This new booklet outlines an accrual accounting procedure that may be followed by the average medium sized or smaller bank with a minimum expenditure of time and expense. Obviously, in a booklet of this nature it is not possible to describe all of the various accrual methods now in use. It is, however, a guide to one workable system.

Accrual vs. Cash Basis

Accrual accounting is defined as "The method of keeping accounts which shows expenses incurred and income earned for a given period although such expenses and income may not have been actually paid or received in cash."

"By contrast," says the committee in the introduction to the booklet, "under a cash basis of accounting, expenses and income are taken into account only when actually paid or received in cash." The committee's views on the advantages of accrual accounting over the cash basis are stated as follows:

"If income were actually collected during the exact period in which it was earned and expenses were paid during the exact period incurred, there would be little need for accrual accounting. In actual practice, however, over any period of time large amounts of income are collected which were earned in past periods, such as bond interest, or which will be earned in future periods, such as discount collected in advance on loans. Likewise, items of expense are paid in one period which may have been incurred in previous periods, such as income taxes, or may be paid for several years in advance, such as insurance premiums.

"While these variations may be somewhat minimized in a cash basis earnings report covering a period as long as a year or perhaps six months, they are such as to render a cash basis earnings report for a monthly period almost worthless for management purposes. For this and other reasons, most large banks report their earnings on an accrual basis and there has been a noticeable increase in other banks reporting on this basis.

"In this booklet most items of income and expense are discussed from an accrual viewpoint. The average bank, however, that adopts accrual accounting usually does so on a limited basis and does not attempt to accrue all items of income and expense. Relatively few banks accrue noninterest income or expenses with the exception of items such as

Rate Control

Commercial Loans—Interest 5%

Date	Remarks	Debit	Credit	Balance
7-31	Forward			20,000.00
8-2			2,000.00	18,000.00
8-3		1,000.00		19,000.00
8-5			150.75	18,849.25
8-6		1,500.00	20.00	20,329.25
8-9			70.00	20,259.25
8-11			100.00	20,159.25
8-16		4,000.00		24,159.25
8-20			1,040.00	23,119.25
8-25			400.00	22,719.25
8-30			75.00	22,644.25
Total of daily balances				668,269.75
Interest accrual for August				91.54
8-31	Forward			22,644.25

interest on savings, taxes, depreciation and similar items that are of an annual or semiannual nature.

"The extent to which a bank adopts accrual methods is a matter for each individual bank to decide. The average bank will perhaps find that the monthly accrual of a few classifications of income and expense will produce earning statements that are sufficiently accurate for control purposes. After the initial step it may decide to operate on a complete accrual basis and place all items of income and expense on a monthly or, even, daily basis.

"In addition to providing earning statements which can be a real aid to management, accrual accounting provides an effective means of auditing interest income. If an accrual system is properly supervised, a periodic check of interest accrued but not collected, and unearned discount, provides a complete audit of interest collections."

Scope

The new accrual accounting booklet outlines the steps to be taken in setting up a simple accrual system under these chapter headings: "Interest and Discount Earned on Commercial and Real Estate Loans"; "Discounts Earned on Consumer Credit and Other Instalment Loans"; "Accrual of Interest and Dividends Earned on Investments"; "Non-interest Income"; "Expense"; and "Valuation and Other Reserves."

The ultimate benefits from accrual accounting are obtained with a minimum of work, says the committee, by accruing on a monthly basis.

Interest-Bearing Commercial Loans

Since the methods outlined in *Accrual Accounting for Banks* for the handling of interest-bearing commercial loans on an accrual basis are more or less typical of those suggested for other types of income, this section of the booklet is presented in full below:

Interest-bearing commercial loans (as distinguished from discount loans) can be handled quite simply as follows:

A control card or sheet is set up for each rate. The dollar total of all loans at that rate is carried on the sheet, and daily changes (loans made or payments received) are posted in total each day to maintain the daily loan balance for that rate. This rate control may be hand-posted on a columnar sheet, or machine-posted on a ledger card such as a commercial ledger card. The total of the rate control sheets should balance to the general ledger each day. The interest accrual for the month is figured as follows: For each rate control sheet, run an adding machine list of the daily balance for each day of the month. Use daily rate balance for each day, repeating balances for days on which there are no transactions in that rate (including Sundays and holidays). Use actual number of days in the month. For each rate, the total of the daily loan balances is multiplied by the one-day's interest factor for that rate. This gives the monthly interest accrual for that rate. The sum of these monthly accruals for all rates gives the total monthly interest accrual. This monthly interest accrual represents the total interest earned on loans during the month, regardless of whether the interest had been collected when due or is not yet collected.

The general ledger accounts used for this simple accrual method would be as follows:

The asset accounts (such as "Commercial Loans—Secured," "Commercial Loans—Unsecured," etc.) are the same as those used on a cash basis.

The income account, such as "Interest and Discount on Loans" which is used on the cash basis, is also used on the accrual basis. The accrual system requires an additional asset account, "Interest Earned but Not Collected—Commercial Loans."

The entries are as follows:

At month end, the monthly interest accrual, as determined from the rate controls, is debited to "Interest Earned but Not Collected—Commercial Loans," and credited to "Interest and Discount on Loans." These entries credit income with the interest actually earned during the month.

Each day during the month, the collections of interest are credited to "Interest Earned but Not Collected—Commercial Loans." This reduces the amount of interest which is receivable.

Past due interest collected is also credited to "Interest Earned but Not Collected—Commercial Loans," if interest is still being accrued on the delinquent loan. If there is any doubt regarding the collectibility of interest on any loan, it should be removed from accrual. A separate rate control sheet should be set up for nonaccrual loans, for balancing purposes. Past due interest collected on nonaccrual loans may be credited directly to "Interest and Discount on Loans."

To set up the accrual system it is necessary to determine the amount of interest already earned on these loans, but to be collected at a later date. For example, if it is desired to change from a cash basis to an accrual basis on April 1, then the interest earned but not collected at the close of business March 31, is determined. This interest total is credited to "Interest and Discount on Loans," and is debited to "Interest Earned but Not Collected—Commercial Loans."

Expenses

Accrual Accounting for Banks points up the fact that the advantages of the accrual accounting method apply equally well to items of expense as to income items, stating:

Banks which are on a cash basis often obtain some benefit by setting up reserves for large expense items such as interest paid on savings deposits, etc.

It may not be advisable for a bank to accrue all of its categories of expense. Simple methods are outlined below for the accrual of various types of expense, and also, methods of treating valuation and other reserves. Each bank should decide which items of expense it should handle on the cash basis, and which items are more practicable to handle on the accrual basis. However, most banks will find that they will benefit considerably by accruing a number of their major expense items.

Methods of accruing expenses vary according to the item under consideration, and for this reason the booklet treats each expense category separately. Only two classifications are included in this synopsis of the booklet's content; namely, interest paid on time and savings deposits and salaries and wages of employees, which follow:

Interest Paid on Time and Savings Deposits

To this account is charged all interest paid, or accrued for later payment, on time and savings accounts. Nearly all banks will find it advantageous to accrue this expense item because of its large size. The experience of past interest periods should be used to calculate the effective rate of interest paid. To find the effective rate for any period, divide the total interest actually paid for that period, by the average time and savings deposits for the period, and convert to an annual basis. The accrual figure for each month may be found by multiplying the average effective rate by the average time and savings deposits for the month, and divide by twelve. This monthly accrual figure is charged to the expense account "Interest Paid (or accrued) on Time and Savings Deposits." It is credited to the liability account "Reserve for Interest" (payable on savings deposits). At the end of the interest period, when the interest is posted to the individual accounts, any difference between the actual interest paid and the accrued interest is adjusted by entry to the above accounts.

Salaries and Wages—Employees

To these accounts are charged the amount of salaries and wages, overtime expense, bonus, and other compensation paid by the bank to its employees. All of these expenses, except bonus, may be handled on the cash basis since they are ordinarily paid every month.

Bonus payments are usually made yearly. Because of this it will usually be desirable to accrue the bonus expense. This may be done by charging $\frac{1}{12}$ of the estimated yearly bonus expense to "Salaries—Officers" and "Salaries and Wages—Employees." The offset may be credited to "Reserve for Bonus" which may be carried as a subsidiary of "Reserve for Interest and Other Expenses."

Each member of the American Bankers Association will receive a copy of *Accrual Accounting for Banks* as soon as it is ready for distribution, probably during October. Additional copies may be obtained at a nominal charge from the Bank Management Commission.

The Country Banker

NEWS

This selection of news dealing with various aspects of country bank management was compiled by MARY B. LEACH of BANKING's editorial staff.

Bank Helps Get 4-H Club House

I DON'T believe we have done anything outstanding in our relationship with farm customers. Our business is largely with farmers who are our most profitable customers. To stay in business, we need to cultivate the farm field." That is the terse, realistic view of the rather extensive farm assistance program of the Security Bank & Trust Company of Madison, South Dakota, held by President W. W. Willy.

One of the bank's most successful public relations builders during the year was a corn show in its lobby, when more than 100 exhibits were viewed by around 2,000 visitors. Open house was held on Saturday night and employees acted as guides during tours of the bank to acquaint visitors with its operations.

An outstanding achievement was the construction by Lake County of a \$15,000 4-H Club building and sales barn for purebred livestock. This project followed five years of promotion and was possible largely because of the leadership given by the bank. The City of Madison donated a 13-acre plot of ground to the county on which the building was erected. The county boasts 30 clubs, with nearly 400 members. The club house was christened a few weeks ago with the staging of annual county 4-H achievement days.

Other farm assistance activities of the Security Bank include: (1) Making available to 4-H Clubs and other organizations a sound film on banking; (2) a bulletin board in a prominent spot in the lobby, on which the bank displays items

Gene Rath, president, Lake County 4-H Club, left, and W. W. Willy, president, Security Bank & Trust Co., Madison, South Dakota, breaking ground at ceremonies preceding the construction of the 4-H Club building



pertaining to livestock, farming, home improvements, etc.; (3) advertising designed to stimulate interest in better crops, improved livestock, soil conservation, etc.; (4) participation in county-wide meeting to foment interest in a local soil conservation district; (5) officers make hundreds of farm visits during spring, summer, and fall; (6) officer membership in the crop improvement association and participation in local and state meetings; and (7) organization of a saddle club with 25 members a little over a year ago, which now has 120 members, 90 percent of whom are farm boys and girls and their parents.

Every member of the saddle club owns his own horse. The bank sponsors a horse show in the spring and in the fall. Over 4,000 attended the spring show and 200 riders participated in the fall show.

The farm visits "are often for business purposes," states President Willy, but "many calls are made simply to greet the farmer and see his farm plant. It is quite noticeable that farmers on whom we call seem much more at home when they call at the bank. This year, as an 'ice breaker,' we have an attractive rain gage which carries the bank's name. Hundreds of these gages now adorn farmyard posts throughout our trade territory."

Both Mr. Willy and Vice-president E. J. Dirksen own and operate farms of their own and have a direct personal interest in farming and livestock raising.

"Instead of telling our farm customers how to run their business," said Mr.

Willy, "we often solicit advice from them on how to conduct our own farming enterprises! This is, I believe, pretty good psychology, as most of us would rather tell others than be told."

Livestock Loan Policies

THE livestock lending policies of the Central Bank of Oakland, California, have been spelled out by Vice-president T. P. Coats in outline form for all of those in the main office and branches who handle livestock loans.

Mr. Coats develops the pattern to be followed under six main classifications, as follows: (1) General—new loans; (2) dairy cattle; (3) milk goats; (4) beef cattle and sheep; (5) hogs; (6) poultry loans—turkeys and chickens.

Under each category he discusses the problems confronting the lender and suggests the procedures to be followed. For example, under the subheading "Dairy Cattle," he examines the steps to be taken in arriving at the amount of the loan in this manner:

"(a) Determination of proper loan per head (after ascertaining that management and feed set up is satisfactory) should be based primarily on dairy production and secondarily on salvage value of animals as beef. The actual amount of butterfat paid for by the creamery or distributor for a year divided by the average number of cows in the herd, milking and dry, should be the principal basis of determining the amount of loan per dairy cow. For herds in cow testing or dairy improvement associations production records are readily obtainable.

Oregon Bankers Win 20-Year 1000-Point Award

OREGON bankers will be honored at the Annual Convention of the American Bankers Association which will be held in San Francisco, California, October 30-November 2, when their state association receives special recognition for achieving the A.B.A. Agricultural Commission's 1000-point rating award for the twentieth consecutive year. The award will be made at one of the general sessions of the Convention.

The A.B.A. 1000-point award is given annually to the state bankers associations whose members have rendered outstanding services to agriculture in their states during the year. Oregon is the first state to receive the award 20 consecutive times; and, as a special honor, the Oregon Bankers Association will receive a certificate at one of the general sessions of the Convention.

The award will be made by Evans Woollen, Jr., president of the American Bankers Association, and chairman of the board of the Fletcher Trust Company, Indianapolis.

Agricultural Breakfast

The Agricultural Commission will hold its annual convention breakfast in the Gold Ballroom of the Palace Hotel at 8 A.M. on Tuesday, November 1.

J. Earl Coke, director, Agricultural Extension Service, University of California, Berkeley, will speak.

Although all bankers attending the Convention are invited to the breakfast, a special invitation is extended to the smaller country banks. Jesse W. Tapp, member, Agricultural Commission and vice-president, Bank of America, San Francisco, will preside.

"(b) Loans on good dairy cows (over 4 gals. of milk or 1.5 lbs. B.F. per day per cow av.) not to exceed \$100 per cow. Loans on average cows (1 lb. of B.F. per day or under 4 gals. of milk) should not exceed \$80 per cow.

"(c) Value young stock conservatively. As a general rule loans should not exceed 60 percent of total herd appraisal including bulls and 20 percent (normal number) of replacement heifers. If borrower has replacement heifers in excess of 20 percent of the number of cows, the loan may be increased by 60 percent of the value of such excess heifers.

"(d) Registered purebred herds have a market and loan value in excess of grades and may be appraised accordingly. Usually butterfat production records are available to be used in establishing values on such herds. A loan on registered purebreds should not exceed a loan on good grade cows by 20 percent."

In his analysis of dairy cattle loans, Mr. Coats also covered a number of other points of interest to the lending officer, including amortization, other chattel property that might be considered as secondary security, etc.

Job Analysis

By providing each of its 15 employees with a detailed work plan, the First National Bank of Red Wing, Minnesota, has experienced an upswing in effi-

ciency and a reduction in personnel turnover. The bank has used the plan for 10 years and is completely sold on its value in boosting the morale of workers.

"Everybody in the bank, including myself, is supplied with a work sheet," explains President Leon J. Kaliher. "New work schedules are drawn up at intervals of once a month, sometimes oftener, at meetings attended by the entire staff. This gives each employee an opportunity to express himself when his work plan is mapped out. For example, one man may feel that he is being overloaded and he'll protest. Well, that can be adjusted right there instead of being a source of irritation with the employee. And often, we'll hear worthwhile suggestions to prevent overlapping of duties."

The chief value of the work plan, according to President Kaliher, is that each employee knows exactly what is expected of him and when he is to perform his duties. The plans are sufficiently detailed and explicit to prevent friction. This eliminates the possibility of an employee's trying to get another person to do his work or a portion of his assignments.

One of the features of the work plan is its flexibility. For example, when an employee leaves the bank's employment her duties can be assigned to a number of other employees. The work load is equalized, thus preventing fric-

tion or ill feelings during the emergency period existing until a successor is hired. Then the new employee is provided with a work plan of her own.

A typical work plan for a new bookkeeper, for example, lists the date of her employment, lunch hour, and salary. Under the headings of ledgers, notes, safety deposit boxes, and miscellaneous, her duties would be listed clearly and unmistakably. There is no opportunity for misunderstanding.

To test out the plan, Mr. Kaliher deliberately permitted employees to operate without work plans for six months. Finally, one of the girls said, "We all feel that the work plans should be resumed. There's too much overlapping work and misunderstandings." The plan was resumed, work sheets issued, and harmony quickly restored.

Massachusetts Agricultural Conference

WALTER E. GODFREY, president, Massachusetts Bankers Association and vice-president and cashier of the Springfield National Bank, opened the association's second annual agricultural conference at a luncheon on September 28. The conference was held on the campus of the University of Massachusetts, Amherst.

The program for the two-day sessions ran the gamut of agricultural subjects of interest to bankers in this New England.

(CONTINUED ON PAGE 106)

Philip L. Speidel, president, First National Bank, Lake Forest, Illinois, and president, Illinois Bankers Association, presents bronze plaque to Lila Weinberg, president, Carthage Community High School Chapter of the Illinois Future Homemakers of America. The award is part of a 10-year program of the committee on agriculture of the Illinois Bankers Association to encourage youth participation in FHA activities.



Banker Role in Farm Financial Reserves Schools

THE new farm financial reserves educational program being cosponsored by the Agricultural Commission of the American Bankers Association, the Savings Bonds Division of the United States Treasury, and the Agricultural Educational Service of the U. S. Office of Education offers thousands of country bankers the opportunity of a lifetime, said Commission Chairman Charles T. O'Neill when announcing this project.

With the authorization of the Office of Education, vocational agricultural teachers for high school students and GI classes will give instruction in real estate, real estate mortgages, livestock, and other farm products, as well as other types of financial reserves, including bank savings and checking accounts, stocks and bonds, and U. S. Savings Bonds, and will need a great deal of data which bankers can supply.

"Teachers are being advised to consult local bankers for information on various forms of financial reserves, and ask bankers to assist in the discussions of this subject with school classes," said Mr. O'Neill in a letter to the country bankers. "I am, therefore, asking all country bankers to contact their local Vo-Ag teachers, and to offer their cooperation in every way possible in reaching our rural youth and adults with this important program for building farm financial reserves and developing community financial security."

A KIT of material for use in this educational work was sent by the Treasury to about 17,000 full- and part-time vocational agricultural and veteran instructors. Among the items included in the kit are: (1) A guide to be followed by the instructors entitled "Developing a Financial Reserve Policy"; (2) a "Financial Reserves Manual" for student use; (3) two charts linking public debt management to the Savings Bond program; (4) booklets on Series E, F, and G bonds; (5) a chart tracing the general price level between 1800 and 1949; and (6) a chart contrasting the purchase price of Savings Bonds with their cash value at the expiration of 10 years.

The teachers' guide is in outline form, indicating merely the scope of the material to be presented during the classroom instruction. Amplification by instructors will be necessary before it is suitable for use. This is one of the places where country bankers can perform an invaluable service.

The students' manual emphasizes the attractiveness of financial reserves from the student angle by illustrating how they may build reserves for college educations and to get a start in farming or other businesses.

Recent surveys of farm youth activities by the Agricultural Commission reveal that young people frequently do a more effective job of selling their elders sound ideas than is possible through a more orthodox approach.

This educational activity offers country bankers an invaluable public relations medium, said Mr. O'Neill. By working with the vocational agricultural and GI instructors in developing material for classroom use and through personal appearances before these classes, when requested to do so, and explaining and interpreting banking functions entering into this financial reserve program, bankers will be

able to correct misconceptions pertaining to banking that may exist in the thought of teachers and pupils.

Moreover, said Mr. O'Neill, it offers an opportunity to bankers to perform a public service that will benefit every farming community in which it is given.

This cooperative project to educate farmers to fortify themselves against disastrous financial reverses by consistent saving is an extension of the A.B.A. Agricultural Commission's long-term agricultural program. Helping farmers build financial reserves has, for several years, been one of the Commission's strongest and most widely publicized goals. During its campaigns, the Treasury's Savings Bonds Division has directed a barrage of sales ammunition at the farmers designed to encourage them to build financial reserves by investing in Savings Bonds.

Now something new has been added. The Commission, the Treasury, and the Office of Education are working as a unit. This does not mean, of course, that the Commission and the Treasury will abandon other activities in this field.

Mr. O'Neill, the A.B.A.'s spokesman in this endeavor, is vice-president and trust officer of the National Bank and Trust Co., Charlottesville, Virginia.

This four-color Savings Bond poster, featuring farm financial reserves, was prepared for bank use by the U. S. Treasury at the suggestion of the Agricultural Commission



Farm Land Prices on Downswing

FARM real estate prices are on the decline after having reached an all-time high in November of last year. The index is now 172 (1912-14 = 100) compared to 177 in November 1948.

Prior to 1948, farm land prices had been creeping up from the low of 1933. The index then was 73—where it had fallen from the previous high level of 170 in 1920.

Last year in March the index of farm land prices again reached 170. It advanced further, to 177 in November. In March of 1949, the index turned downward for the first time in 10 years, and in July this downward trend was confirmed with an index of 172. These figures are based on findings of the Bureau of Agricultural Economics, of the U. S. Department of Agriculture in Washington.

This decline from the high reached in the post-World War II period was registered in 41 states as of July 1949. However, in six states—Delaware, Iowa, Maryland, Minnesota, New Jersey, and New York—the farm land prices continued to increase. One state, Illinois, may have reached its high in March 1949, as the index remained the same in July; i.e., 158. (See Table II on page 58 for recent index numbers for each state.)

The greatest downturn in farm land prices has occurred in a number of western states and in Texas. Declines in the prices of meat animals are apparently reflected in the decreases in land values in the western states; the decline in Texas probably reflects the lowering of both livestock and wheat prices plus drought conditions experienced there during the past year.

The percentage change for each state is shown on the chart on page 58.

California and Florida were the first of the states to reach their peak in land prices in the post-World War II period. That was in 1947. Farm real estate prices there have turned downward since that time and reflect the decline in prices for citrus, other fruits, and truck crops.

The United States farm land price index of 177 which was reached in 1948 was the all-time high for the country as a whole. However, in 13 states farm real estate prices are still below levels reached in the World War I period. These states are Florida, Georgia, Illinois, Iowa, Minnesota, Missouri, Nebraska, Nevada, North Dakota, South Carolina, South Dakota, Utah, and Wisconsin.

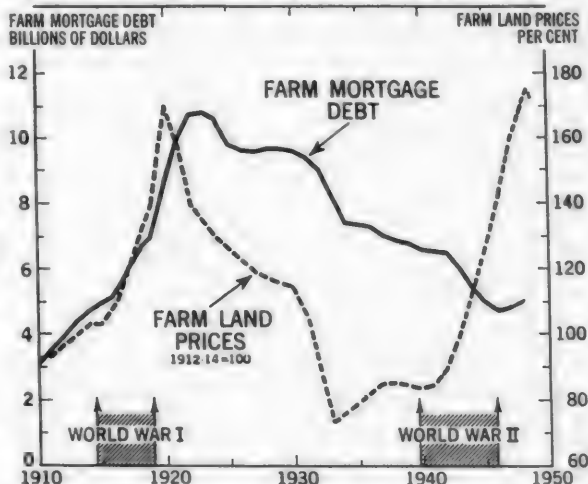
Farm Mortgage Debt Increases

The farm mortgage debt on January 1, 1949, is estimated to have been \$5.1-billion, an increase of 5 percent over a year earlier. The highest point of the farm mortgage debt was reached in 1923 when it was \$10.7-billion. In short, the present farm mortgage debt for the country as a whole is less than half of what it was following World War I. (See Chart I.)

Farm mortgage loans held by insured commercial banks rose from \$793-million to \$848-million, or about 7 percent, in 1948. During the first six months of 1948 farm mortgage loans in banks increased 8 percent. However, there was registered a 1 percent drop in the last half of the year. As of July 1, 1949, farm mortgage loans in banks amounted to \$878-million, or an increase of only 2.4 percent, for the first six months of this year.

Chart I

FARM LAND PRICES AND MORTGAGE DEBT



County Key Bankers Surveyed

In July of this year, the Agricultural Commission of the American Bankers Association surveyed the 2,892 county key bankers to find out the change in farm land prices and the farm mortgage situation in agricultural counties. The responses indicating that farm land prices were lower in a great majority of the counties substantiates the downward movement of the BAE index. A few report prices about the same as a year ago.

The sales activity, or actual turnover of farms, was greatly reduced from a year earlier as shown by 80 percent of the replies. For the country as a whole, the key bankers report that 32 percent of all farm sales were cash transactions. For the Midwest, the report shows that 43 percent of all farms sold were for cash.

The county key bankers survey shows that there has been a substantial decline in the number of farm sales; nevertheless, there has been a slight increase in the amount of farm mortgages held by banks. The amount of new mortgage loans recorded by banks dropped 15 percent during 1948. This, with the slight increase in the mortgages held by banks, would indicate a slowing of pay-offs on the part of some debtors.

In an effort to determine what percentage of bank farm mortgages have been made for purchasing a farm, the county key bankers were asked the purpose for which farm mortgage loans were made in their counties. Fifty-seven percent of all farm mortgages made by banks were for the purchase of farm land and 43 percent were for the purpose of making improvements, purchasing equipment, meeting production and operating expenses, and refinancing existing short-term indebtedness. Table I, on the next page, gives the breakdown of this information for the entire United States, as well as on a regional basis.

The demand for farm mortgage loans during the first six months of 1949 was less than that of a year ago as reported by 50 percent of the county key bankers. Twenty-five per-

Table I
Purpose of Farm Mortgage Loans Made by Banks

	U. S.	Northeast	South	Midwest	West
Buying a farm	41%	57%	36%	46%	28%
Transfer of property from tenancy to ownership . . .	6	5	5	7	6
Purchasing additional land to make a larger unit . . .	10	5	8	11	12
<i>Purchase of Farm Land</i>	<i>57</i>	<i>67</i>	<i>49</i>	<i>64</i>	<i>46</i>
Production and operating expenses	15	8	20	10	24
Improvements	9	8	11	7	10
Machinery	11	9	12	12	9
Refinancing of existing short-term debts	8	8	8	7	11
<i>All Other Purposes</i>	<i>43</i>	<i>33</i>	<i>51</i>	<i>36</i>	<i>54</i>

cent of the key bankers reported no change and only 25 percent reported a higher demand for farm mortgage loans.

Half of the county key bankers replying reported an increased volume of production loans. On July 1, 1949, such loans held by insured commercial banks (excluding CCC loans) totaled \$2.2-billion, compared with \$1.9-billion in July 1948. This shows that farmers are using an increased amount of bank credit for production purposes, due in part to a general lowering of prices for things which the farmer sells and the continued high costs of things that he buys.

There is a continued expansion of short-term production loans held by commercial banks. However, at the present time the total farm production loans held by insured commercial banks is approximately one-half of what it was following World War I. If conditions turn unsatisfactory, some of these loans may be translated into long-term mortgages. The comments of the key bankers indicate that country banks are adequately financing their farmer-customers and will continue to provide them with sound production credit.

Prices and Costs

A farm real estate mortgage is a long time investment. During its life much can happen to prices that will affect the repayment ability of the borrower. In making farm mortgages, future income must be largely relied upon for interest and principal payments; therefore, careful thought should be given to the prospects of prices likely to be received, and paid, by farmers over a period of years in the future.

Each of the major wars in our history has seen a rapidly rising general price level followed, eventually, by drastically falling prices. When the price level of the country falls, prices of farm products go down first—and faster than prices of things which the farmer buys. Farm commodity prices reached their high in January 1948, and since then have declined 20 percent, whereas prices of things the farmer buys have declined only 3 percent from an all-time high reached in 1948. (See Chart II for the relationship of prices received and prices paid by farmers since 1910.)

Through the years, there has been a definite correlation between farm land prices and prices the farmer receives for his products. For example, in the early Thirties, when prices of farm products reached an all-time low, farm land prices were also at their low. Likewise, in 1948, farm commodity prices and farm land prices reached an all-time high, con-

currently. (Chart III, on page 57, shows relationship 1910 to present.)

In response to the survey made by the Agricultural Commission, county key bankers from all sections reported on the situation in their counties. The following are typical replies:

Virginia

The main cash crop in this section of Virginia is tobacco. There are also many dairy farmers and this type of farming is increasing. The farmers generally are in a good financial condition. We are experiencing an increase in the demand for production loans and loans for the purchase of machinery. The demand for mortgage loans has leveled off. The real estate agents tell us that activity is lower than a year ago.

Ohio

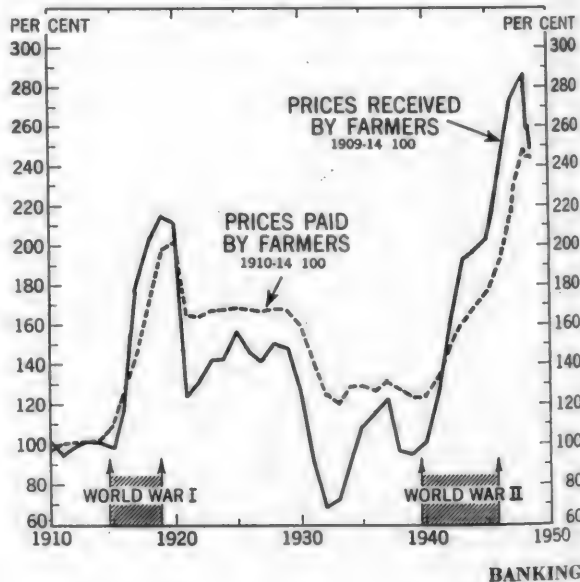
We feel that the farmers in this area, as a whole, are in very good condition; their debts are not excessive. Again this year we are blessed with a far-above-average crop. The wheat is pretty well harvested, oats is in process, and the writer has never seen the prospect for corn and soy beans any better. The prospect for tomatoes is also bright. With good crops the last few years and again this year, it has been an excellent time for farmers to get their houses in order and we feel that the average farmer should be able to pay his obligations promptly.

New York

Have noted no mortgage extensions for production purposes. There is a little purchasing of additional land to increase size of farm businesses. There is a great potential mortgage market for farm improvements, particularly building construction, but such improvements will be accomplished mostly by farmers who are currently out of debt, and who are cautiously awaiting a buyer's market in labor and construction materials. . . . Very little mortgage credit being extended for consolidation of short-term debt. . . .

Farm credit picture seems bright. . . . Dairy income is down about 20 percent, but cattle prices hold firm, supported by a good secondary beef market which shows signs of breaking this month. . . . Very little slow farm credit seems to be developing in bank-held paper.

Chart II
PRICES PAID AND PRICES RECEIVED BY FARMERS



Montana

Due to an almost complete crop failure on dry land farming in this area, there will probably be a greater demand for operation loans to get through the winter. Feed supplies will be short and hay will be high in cost. Most cattlemen intend to sell down as far as necessary to protect themselves. Range grass is practically nonexistent. For this reason, we expect most of our livestock lines to be liquidated by this fall, but with a strong demand for feed loans, by those who will try to carry over a choice bunch of cattle.

We expect loans to irrigated-farm owners to be liquidated on schedule. The best crop is fair and will probably approach last year, although expenses are higher because of extra help for irrigating.

Deposits are above last year at this time, and we believe normal credit needs will be met.

Missouri

Real estate loans small. General farm credit rather large. The farmers in this county are in splendid shape on their farm loans. A larger percentage of farms clear than at any time in the history of the country. No excessive loans on farms. Very few carrying more than 50 percent of value at depression prices. Farm values not up much in this county. General credit is rather heavy. Farmers have invested in improvements, tractors, and other machinery extensively.

Minnesota

Agriculture is the best in the history of the county. However, there is evidence of weakness. Farm income is dropping. Farmers seem to be depending more on Government assistance. They are becoming more careful in financial matters. As a whole, there is a healthy condition morally and financially in this county.

Kansas

We are in the process of harvesting a crop which was a partial failure. Income from wheat, which is our principal source of income, will be less than 50 percent of last year and there is a marked tendency to curb expenditures for new cars, trucks and machinery. Nearly all farmers are in excellent condition, with farm real estate mortgage indebtedness at an all-time low and cash and other liquid reserves at an all-time high. The general tendency is to proceed cautiously, and this frame of mind will undoubtedly prevail until the next crop is harvested.

Indiana

There has been a pronounced increase in the use of short term credit, much of which is being used for operational expenses. There are not many farms for sale in this area and most of the farm real estate loans were made on farms sold last year for settlement as of March 1 this year. We are beginning to experience increased demand for farm real estate loans in order to consolidate all their debts or to renew and increase their present indebtedness on the farm. We are also experiencing an increase of loan applications which are out of reason compared to the selling price or the normal value of the farm.

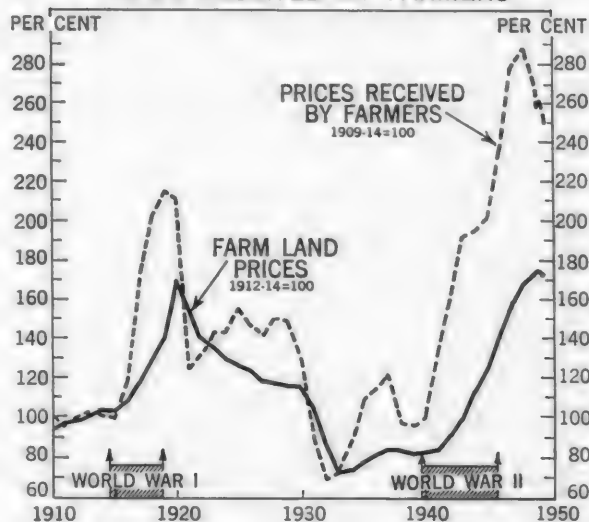
Iowa

Iowa has had a tremendous amount of income during the war years, and during the years following. The banks naturally were more or less "geared" to this type of economy. The banks in this section of the country are now "pulling in their horns" just a little bit, nothing radical—but just tightening down the hatch a bit on borderline loans, asking large commercial loans to reduce somewhat, and reducing tenant farmer "barnyard" loans. Instalment paper, from retail dealers, continues to increase in volume.

Illinois

Farmers don't have as much pocket money as they have had in the past. They are beginning to charge the doctor call when they used to pull out a roll of bills. They are asking what things

Chart III
FARM LAND PRICES AND
PRICES RECEIVED BY FARMERS



cost and are buying more what they need instead of what they want. Farmers as a whole are in a strong financial position and can get plenty of credit if the venture looks sound.

Georgia

We think the farm mortgage situation in this county is in fine condition. There are small increases over a year ago. We are not making any long-term farm mortgages but have a number of short-term farm mortgages, which are on small percentage of value and are being handled very satisfactorily. The principal farming in this county is dairying and most of these farmers are in excellent financial condition with very little debt.

California

While the demand for money has increased, funds are available for all good farmers. Operating costs are very high and net returns will be considerably thinner. Substantial savings accounts maintained by many farmers the past few years are rapidly disappearing. The effect of this will show itself more one year hence.

Arkansas

Ample facilities are available for all farm loans which have sufficient merit. More applications are being filed which are borderline cases, which calls for careful analysis of all applications. Outstanding farm loans are approximately 10 percent higher than a year ago.

North Carolina

The trend towards mechanization has been increased—enough, at any rate, to cause a decline in the value of draft animals. A number of the small dairymen in the county converted to Grade A milk. In fact dairying has advanced far enough to make it unnecessary to import milk from other areas as was necessary for so many years.

Texas

Costs of production have not gone down in proportion to the drop in prices of farm products, and some farmers have not adjusted their living standards to reduced net income. Loans for improvements are increasing; refinancing for longer terms and smaller payments is increasing, actuated, no doubt, by the realization that short-term credit is going to be harder to meet in view of the downward trend of prices for farm products.

Table II

Farm Real Estate Price Changes

Post-World War II Peaks in Italics

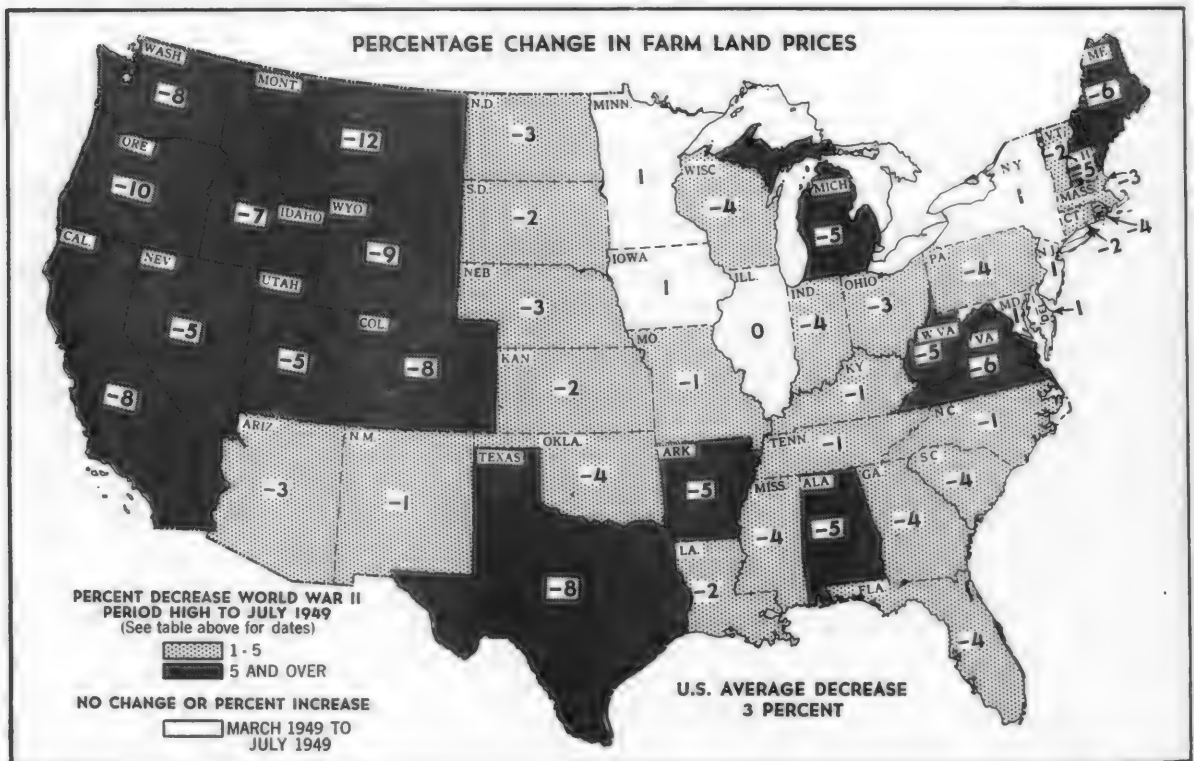
Index of Average Value Per Acre (1912-14=100)

	November 1948	March 1949	July 1949		November 1948	March 1949	July 1949
Alabama	264	275	261	Nevada	119	114	113
Arizona	186	180	180	New Hampshire	150	144	142
Arkansas	259	260	247	New Jersey	190	196	198
California*	228	215	215	New Mexico	193	193	192
Colorado	168	156	154	New York	148	155	157
Connecticut	194	195	191	North Carolina	330	341	338
Delaware	163	163	165	North Dakota	113	118	114
Florida*	206	206	202	Ohio	173	175	170
Georgia	193	195	188	Oklahoma	206	211	203
Idaho	178	165	165	Oregon	168	152	151
Illinois	155	158	158	Pennsylvania	160	165	159
Indiana	178	176	171	Rhode Island	194	191	187
Iowa	153	154	156	South Carolina	218	224	215
Kansas	169	169	166	South Dakota	97	98	96
Kentucky	276	284	281	Tennessee	260	271	268
Louisiana	222	230	225	Texas	200	187	184
Maine	144	147	138	Utah	154	146	146
Maryland	204	206	208	Vermont	182	185	181
Massachusetts	162	159	157	Virginia	243	246	232
Michigan	207	202	196	Washington	181	168	166
Minnesota	164	164	165	West Virginia	155	155	148
Mississippi	242	251	242	Wisconsin	152	152	146
Missouri	118	123	122	Wyoming	182	169	165
Montana	145	130	128				
Nebraska	137	139	135	United States	177	175	172

* Reached peak in 1947

California 241

Florida 226



UNUSUAL PLAN MAKES HOG FEEDING FINANCE PROFITABLE FOR SMALL-TOWN MINNESOTA BANK



Principals in the plan, left to right — Howard Wollam, Purina Salesman; a farmer, Dale Lloyd; Robert Rohlfing, Purina Dealer; and C. E. Meislahn, Banker.

Purina Dealer and Salesman Supply Feeding and Management Know-How—Banker Supplies Cash for Hog Feeders at Cleveland, Minnesota

The People's State Bank of Cleveland, Minnesota, is finding that financing hog feeding operations is good business—especially when the Purina Dealer and Salesman recommend the farmer and supervise the hog feeding operation from start to finish!

C. E. Meislahn, cashier of the bank, has worked out an unusual plan with Purina Dealer Rohlfing and Purina

Salesman Wollam. First step in the plan is for these men to estimate the amount of credit a good hog feeder will need, prepare a financial statement and present it to Banker Meislahn for approval.

Then each time Purina Hog Chows are delivered the farmer signs a promissory note for the total retail price of the feed delivered.

The Purina Dealer presents these notes to the bank and receives in cash his wholesale cost of the feed.

An unusual feature is the fact that Purina Dealer Rohlfing doesn't get his profit from the Hog Chow until the hogs are profitably marketed and the farmer's notes paid off at the bank. In this way the Banker, the Purina Dealer and Salesman all have a financial interest in the hog raiser's success and work to insure that he gets maximum profits.

Thus they are Community Builders... contributing to the prosperity of the entire community.

Partners in COMMUNITY BUILDING



OPPORTUNITIES IN YOUR COMMUNITY

There are new opportunities for community building in your town, too. Why not make it a point to talk over the livestock and poultry possibilities of your area with your Purina Dealer soon?

If you do not have a Purina Dealer in your town now, find out about the Purina Franchise as an opportunity for young men in your community. Purina Chows for livestock and poultry and Purina Sanitation Products are distributed from 32 strategically located plants and carry the Checkerboard label, rural America's best-known trade-mark.

For more information on the Purina Franchise, write to Department C.

RALSTON PURINA COMPANY

1605 Checkerboard Square

St. Louis 2, Missouri

How Estate Taxes "Rock the Boat"

EARL S. MACNEILL

Mr. MACNEILL, a vice-president of the Irving Trust Company, New York, writes this month on the "logarithmic fog" in which an executor is apt to find himself as a result of various estate and inheritance taxes.

NO ship ever had a safe, smooth voyage unless the cargo was carefully stowed in accordance with a well devised loading plan. The effect of the cargo on the ship is determined more by its distribution than by its amount. So, also, the effect of the tax burden upon an estate may be minimized by planned distribution of the burden."

This vivid analogy was drawn by Daniel J. Reidy, general counsel of The Guardian Life Insurance Company, in a talk given before the Real Property Probate and Trust Law Section of the American Bar Association at its annual meeting held last month in St. Louis. The subject of his talk was "Problems of Apportionment of Estate Taxes under State Statutes." Addressed to lawyers, it contained nuggets of thought for all persons concerned with the planning of estates—the estates of others, or their own.

There Was a Time—

There was a long time when inheritance and estate taxes didn't amount to very much. During this time a body of common law grew to the effect that, where a testator said nothing about taxes in his will (as few did), it would be reasoned that he desired specific legacies of money or property to be paid in the full amount specified; accordingly the death taxes would be collected out of the residuary estate. Remember: the taxes didn't amount to very much then.

Came today when taxes cut deeply into estates, and when they may be computed on property that does not belong to the estate, in the commonly accepted sense of the word "estate." Thus a man may own real property, cash, securities and personal belongings worth \$100,000; these assets he disposes of by his will—these are his *testamentary* estate. But he owns \$100,000 of life insurance also, payable directly to his wife; and the proceeds are included in his *taxable* estate just as fully as if they had been payable to his executor. Besides, he had set up joint bank accounts of \$50,000 with his children, which went to them by right of survivorship when he died. So he has a total taxable estate of \$250,000; and under the common law, the *whole* tax on this would be collected out of the \$100,000 that passed by his will.

Perhaps no great harm is done—wife and children will get whatever is left, regardless of where the tax burden falls. But let's qualify the facts just a little:

The life insurance is a paid-up policy which he had settled on a divorced wife. The joint accounts are shared with children by the first wife. With a keen sense of responsibility for his new, young wife, he sets up what he expects to be a \$100,000 estate in trust for her benefit as long as she lives; on her death the principal is to go in equal shares to his

children by whatever spouse. Now, is it reasonable to attribute to him, by processes of judicial inference, an intention that the trustees estate of \$100,000 should pay approximately \$50,000 of Federal and state estate taxes? And that the life insurance and joint accounts should go scot-free? Yet that is the way it would be—under the common law.

Apportionment Helps

By way of correction, about a dozen states have passed statutes which decree *apportionment*. Each segment of the taxable estate must pay its share of the tax—even trifling legacies of cash or keepsakes. A Federal statute gives executors limited rights to demand contributions from recipients of taxable assets that did not pass through the usual channels of estate administration. But some of the statutes are limited and they all have fuzzy edges. They do not apply, for example, to estate taxes levied by other states with respect to taxable property in those states. It is not clear whether interest on taxes in arrears may be pro-rated. If, in the course of adjusting disputed values for tax purposes, an executor agrees to a certain amount, is the compromise binding on others whose contributions may be affected? And so on.

And now the "marital deduction" confuses the matter further. In attempting to apportion, the poor executor soon is lost in a logarithmic fog.

It's Up to the Man Who Writes the Will

The solution lies in each individual testator's hands. He is not bound by the statutes; he can write his own law. Under the guidance of his trust officer and with his attorney's aid he will thoroughly analyze all of the elements which make up his taxable estate—the property which passes by his will and the interests which pass outside of it: life insurance, jointly owned property, U. S. Savings Bonds, large gifts made during lifetime, and so on. He will determine who should bear the burden of the tax and in what proportions. Maybe, for convenience, and having assurance that funds are sufficient for the purpose, he may direct that *all* of the tax be paid out of the residuary estate. Or he may say, in effect, let the insurance—and the other, larger taxable elements—pay each its share. Though surely he will say, let small legacies and sentimental gifts go free of tax. However he wants it, that is the way it can be.

Such is the import of Mr. Reidy's talk. He closed with a quotation, too appropriate to resist. Said Mr. Reidy:

"The form of the will is important but on the substance depends the tax. It is the clear, unequivocal direction encompassing all the taxable estate that does the complete job. As the late Mr. Justice Oliver Wendell Holmes once wrote: 'The only use of forms is to present their contents, just as the only use of a pint pot is to present the beer (or whatever lawful liquid it may contain), and infinite meditation upon the pot never will give you the beer.'"

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PROOF!

The new Todd pocket-check Imprinter is the success story of the year. From all parts of the country, thanks to the Imprinter, banks report *more accounts . . . faster operations . . . increased customer good-will . . . bigger business* all along the line!

Here's just a sampling of what they say—



"In our first month we imprinted 85,000 pocket checks and opened about 500 new accounts. The Todd Imprinter has been a great asset to us not only in increasing business but also in building excellent public relations. The flexibility in type setting enabled us to put into operation a sorting symbol system which has added materially to the speed and accuracy of check handling."

—Central Bank & Trust Co., Denver, Colo.

"In addition to the value of the Todd Imprinter in attracting and holding checking accounts, it has become evident that our installation of the Imprinter is going to save us money. By standardizing our checks and imprinting the customer's name, we enable a bookkeeper to handle more accounts. Another saving in our case is the elimination of passbooks on the normal run of personal checking accounts. Still another is the economy in binding, since we use more fillers instead of buying complete checkbooks."

—Springfield National Bank, Springfield, Mass.

And these are only a few of the enthusiastic comments we have received.

"We are well pleased with Todd Imprinter results. From May 21 through June 10 we sold 459 orders of Todd imprinted pocket checks, making a total of 90,500 checks sold in 18 working days. Since the first few days' rush orders, the statement department can easily turn out the daily orders received and handle our orders without extra help or overtime."

—National City Bank of Dallas, Dallas, Texas

Increase your bank's profits and build customer satisfaction with the new Todd Imprinter. For complete information without obligation, just clip and mail the coupon below.

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8-10-49

Consumer Credit Digest



PHILIP GENDREAU, N. Y.

Are Your Consumer Instalment Credit Rates Adequate?

KENNETH R. WELLS

Mr. Wells is vice-president of the American National Bank and Trust Company of Chicago, is a member of the Consumer Credit Committee of the American Bankers Association, and is widely known as a speaker and writer on consumer credit.

THE ideal rate for consumer instalment credit should produce sufficient income in dollars on each transaction to pay the operating expenses incurred, allow for an adequate bad debt reserve and yield a return on the funds invested at a simple interest rate satisfactory to the bank. Under this definition it is obvious that such an ideal rate is almost impossible to ascertain accurately, because two variable factors (operating costs and going rates of interest) are involved, plus one unknown factor (the ultimate credit loss) which can be determined only after final liquidation of the paper. Therefore, each bank must arrive at a rate which in the opinion of its management will best comply with the stated conditions, keeping in mind that the longer the maturity of the paper being considered the greater is the probability of fluctuation in the two variables plus the unknown factor.

Rates Vary Widely

Are there valid reasons for the wide discrepancies which occur in the rate

structures used by banks for similar classes of consumer instalment credit, not only as between different geographical areas but, oddly enough, oftentimes in the same town? This is not true of interest rates applicable to commercial loans made by banks, which tend to be nearly identical for similar classes of business in the same geographical area and are relatively uniform nationally.

Partial Explanation

A possible explanation of the discrepancy in consumer credit rates could be the fact that most banks established their rate structures in this field by merely adopting the rate schedules already in use by others in the business without analyzing the application of those rates to banks. The rates generally were higher than normal interest rates on commercial loans, and the banks assumed that they must of necessity make a profit on the business. It would be reasonable to expect that over a period of time differences in rates would have tended to disappear, but such has not been the case. Some of the differences may be explained by statutory limitations. However, this does not satisfactorily explain the continuing differences in rates in the same area.

It is evident from the fact that these wide differentials in rate continue to exist that one of the following conditions must prevail:

- (a) That certain operations are so much more efficient than others that the rate differential is explained by a lower cost of handling due to operating economies; or
- (b) that some banks are extending consumer credit at a loss—or at least a substantial portion of their business is handled at a loss, which loss may or may not be recognized by the bank (admittedly, certain banks absorb losses on consumer credit as a bank policy to build other business or to render additional service to the community); or
- (c) that the banks charging the higher rates must be realizing a substantially greater return on the funds invested compared with others in the field.

The Single Rate

Some banks have adopted a single rate for all classes of their consumer instalment credit business. From a merchandising standpoint one rate has many advantages; it can be featured in bank advertising, and internal operations are simplified. However, there are inevitable results from following such a policy—if the rate selected is a relatively low one the bank learns that the cost of handling the smaller transac-

(CONTINUED ON PAGE 64)

THE musical notes of a bell which had once hung in an old French church summoned the slaves at Belle Meade to their daily tasks. By some strange chance this bell had found its way across the sea to a Mississippi steamboat where its mellow tones so captivated Belle Meade's owner that he bought it for his estate.

Located about six miles from Nashville, Belle Meade is reached through a long avenue lined with vine-covered cedars. The house was built in 1853, the year The Home was founded. It replaced an earlier dwelling which had been destroyed by fire. The six square columns on the portico were made from stone quarried on the estate. John Harding, the first owner, cleared and fenced the property when he came to Tennessee in 1805. While a home was being built, he lived in a log cabin where his son William Giles Harding was born.

Brigadier general in the militia and prominent agriculturist, William G. Harding made Belle Meade one of the most pros-

Famous American Homes



BELLE MEADE

the Beautiful



A gardener was brought from Switzerland to care for the flowers and shrubs

perous farms in Tennessee. Within its 5,000 broad acres was a park planted with blue grass where as many as 250 deer roamed unmolested. At one time elk, buffaloes and cashmere goats were also given sanctuary.

But Belle Meade's principal attraction was its magnificent thoroughbred horses, many of which, including Bonnie Scotland, Iroquois and Luke Blackburn, won lasting fame in the annals of the turf. As probably America's oldest farm for breeding thoroughbreds and one of the finest of its day the estate was

internationally renowned. The sale of yearling colts which was an eagerly awaited annual event brought thousands of visitors from this country and abroad. Representatives of the French government who came to inspect American thoroughbreds in 1881 reported that Belle Meade had the finest in the country. Though his horses were entered in all the leading races and won many trophies, General Harding was interested in racing solely as a gentleman's sport and refused to take part in betting.

Besides horsemen



IROQUOIS - Only American bred horse that has ever won the English Derby

many prominent persons were visitors at Belle Meade, including Andrew Jackson, James K. Polk, Benjamin Harrison and Grover Cleveland. As evidence of the hospitality for which the plantation was noted, the dining table was kept extended to its full length with places always set for unexpected guests.

Like most of the southern plantations of that time, Belle Meade had its complement of slaves. They were, however, treated with unusual consideration and concern for their comfort and welfare. Charles Sumner, noted abolitionist, declared

that if conditions at Belle Meade were typical of the South, "I must retract much that I have written against slavery."

Two of General Harding's daughters married brothers, William H. and Howell E. Jackson, who continued to operate Belle Meade after Harding's death. By General U. S. Grant's own admission he narrowly escaped capture by William Jackson who was a brigadier general in the Confederate cavalry.



Though the property passed into other hands after the death of General Jackson's son and has been reduced in size throughout the years, Belle Meade, still privately owned, has been maintained as one of the South's most beautiful plantations.

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(CONTINUED FROM PAGE 62)

tions more than absorbs the gross dollar charge of income on such deals. Certain limitations are then made with respect to the size of transactions which will be handled, although the bank ordinarily does not publicly announce such restrictions but merely avoids the smaller deals through one method or another.

If a bank adopts a relatively high rate to offset the cost of handling the smaller transactions the rate tends to become excessive on the larger deals, particularly for those with the longer maturities. For example, a bank using a \$4 rate would receive only \$8 for a \$200 transaction for 12 months, which is about the break-even point according to many cost surveys. The bank on this deal would not have an adequate return on the funds invested, whereas on a \$1,000 transaction for two years the bank would receive \$80, which would produce a more satisfactory return.

Let us compare this with another bank using a rate of \$8 per hundred per year. On the \$200 loan for 12 months the bank would receive a charge of \$16 which would provide a reasonable return to the bank after expenses. However, the same rate applied to the \$1,000 loan for 24 months would produce a charge of \$160 and the net yield would be greater than is normally considered necessary. In addition, from a competitive standpoint, on the larger transaction the bank would probably be priced out of the market.

Income Per Transaction

It should be remembered that the total dollar income from a transaction is the deciding factor, and the dollar income will vary not only with the rate but with the size and maturity of the transaction. As an example of the differences resulting from variation in size and maturity an analysis was made of the FHA Title I operation in our bank. The volume of FHA business handled is substantial and it is handled in a segregated department, which permits a rather accurate determination of applicable expenses.

The analysis indicated that the actual dollar cost for handling a transaction of \$100 for 12 months was \$8.16, although the maximum permitted charge was only \$5.26. On a transaction of \$200 for 18 months the total cost amounted to \$11.89 and the total charge was \$15.38, or a net return on the funds invested for the average time outstanding of 2.1 percent per annum after expense. On a transaction of \$400

the return climbs to 4.78 percent for 12 months' deals, and 5.50 percent on those maturing in 36 months. None of the above cost figures include any allowance for the expenses incurred in the acquisition of the funds to be invested. Assuming 1 percent as a minimum cost it is obvious that the return on FHA Title I loans of very small amounts is nonexistent or extremely low.

For Each a Pattern

The consumer credit portfolio of the average bank is composed of personal and automobile loans, together with appliance and home modernization paper. Each of these classes of business has a definite pattern of average maturity and size of transaction. It has been found through experience that appliance paper usually produces transactions with the smallest average balances, followed by personal loans, modernization paper, and new car loans, in that order. The important thing to determine is the average loan size and maturity for each class of business in your bank and to establish a rate for each class of business which will produce a profit on the average-sized transaction for its average maturity.

No function of banking can long justify itself if it is unprofitable. It is the opinion of the writer that many of the rate structures used by banks in various parts of the country are too low and should be revised upward.

Banks Should Make Profit

Banks have learned that people are willing to pay a reasonable charge for the handling of their checking accounts; and, to judge from the experience of the licensed lenders, people are willing to pay quite a high charge for personal

"Would you mind if I date this 1950? I expect to have more money in the bank by then."



We must get back to fundamentals in this [consumer credit] business. Down payments must be adequate. Monthly payments must be in line with the customers' incomes and within our own maturity limits. We must be equipped to pass properly on credits. We must be equipped to do a good collection job, because we are going to have more collection problems than we have had in the past. We should remember that we can do the best job in our own community. We should be wary of taking paper outside of our natural trading area. We have an obligation to continue to meet the legitimate credit needs of the people of our own communities and to assist the dealers in our own communities to sell their merchandise. However, we may jeopardize our ability to meet these obligations if we have excessive delinquencies or losses in our instalment credit portfolios as a result of adopting other peoples' procedures without adapting them to our individual situation.

There is nothing mysterious about instalment credit. It is merely another way in which a bank can do business with more people and build business for other departments in the bank. I believe that the opportunities for banks in this field are greater than ever before, but the business must be handled by each bank on its own terms, and under its own definition of sound policies.

We don't have to do all of the business in the world. We should not be volume hungry. We should do a sound business, with the primary purpose of serving our communities. In the long run such a policy will react to the benefit of our own bank, and of all banks.

loans if they feel that the service they receive compensates for the higher rate. Therefore, banks can charge a reasonable rate for each class of consumer instalment credit business and the public will cheerfully pay it.

It is important for bankers to make periodic cost studies of their consumer credit operations and be certain that they are charging an adequate rate for each class of business, because they have invited the public to make use of their services in this field and the public has a right to expect that such service will be continued. It is much better for banks to charge a reasonable rate and continue to operate than to risk creating ill will by suddenly realizing that their consumer credit operation is unprofitable and, as a result, withdrawing from the business. Banks properly belong in the consumer instalment credit business, and they are entitled to a reasonable return on the money invested after provision for expenses of operation and a margin for credit loss.

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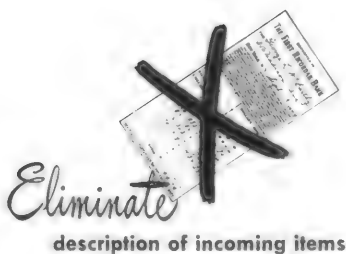
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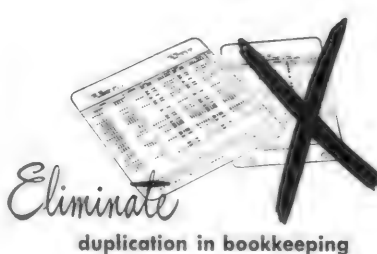
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description of incoming items

It's no longer necessary for your tellers to describe incoming checks on their deposit slips. They need only list the total amount . . . and the Recordak Junior Microfilmer does the rest—gives you a complete record of the deposit slip and accompanying checks. (Many banks microfilm both sides of checks for a complete record . . . are thereby assured maximum protection.)

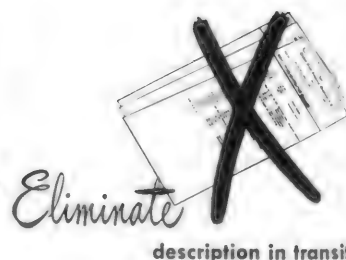
Result: Tellers give faster, more efficient service at their windows . . . backed up all the while by a photographically accurate and complete record of all items handled.



duplication in bookkeeping

There's only one record to post . . . there's only one posting a day with the unique Recordak Single Posting System. Your bookkeepers post only to a statement which serves as a ledger during the month. Then it is micro-filmed for the bank's future ledger-record . . . and forwarded to the depositor along with his cancelled checks, which were also recorded for the bank's protection.

Result: Bookkeepers can handle many more accounts per month . . . using less equipment than is required in dual posting systems . . . far less stationery, too.



description in transit

An adding machine tape serves as your Recordak transit letter.

Just list and total the check amounts—that's all. Manual, time-consuming description of individual transit items is unnecessary when you have a Recordak Junior Microfilmer. For it compiles the record . . . with the speed, the accuracy, the completeness of photography.

Result: At least 60% of the time now needed to prepare descriptive transit letters can be saved. Furthermore, the job can be done efficiently by any clerk familiar with an adding machine.



You get increased protection...

Look at the records you get with a Recordak Junior Microfilmer: a photographically accurate and complete history of all items handled by the bank . . . on compact rolls of microfilm which can't be tampered with or altered without detection. Protection . . . such as you've never known before . . . that guards against loss, carelessness, and fraud.

Improved Record-Control. Your microfilm copies can be filed at your finger tips in just 2% of the space required for bulky paper originals . . . ready, at all times, for immediate review on the viewing-screen of the Recordak Junior Microfilmer. In addition, duplicate film copies can be made—vault-stored for maximum protection.

Free Facsimile Service. Should your transit letters be lost or destroyed en route, you suffer no expense . . . and your depositors are inconvenienced less. For Recordak will produce free facsimiles of all lost transit items—directly from your microfilm records. And those will be honored in lieu of the missing originals.

You build depositor goodwill...

Your depositors will appreciate the greater protection . . . the new services you can offer.

Your Recordak microfilm records serve as a constant double-check on their accounts . . . can point out discrepancies resulting from fraud or carelessness in their organizations.

Also, should they lose or misplace their cancelled checks you can substantiate their payments . . . provide facsimiles of the originals.

Important advantages . . . proved by the fact that many banks are building new business by advertising that they are Recordak-equipped.





Easy, trouble-free operation with the **Recordak Junior Microfilmer**

The Recordak Junior Microfilmer, designed and built by Kodak, is a compact self-contained unit requiring approximately 3 square feet of set up space. It can be installed on any desk or table . . . or on top of a Recordak Film File.

To record checks, statements, or other documents—bound or unbound, and up to $9\frac{1}{2} \times 14$ inches—you simply place them on the copyboard and touch the exposure buttons. The machine does the rest . . . takes the picture . . . advances the film. Any clerk, as part of her daily routine, can do the job . . . quickly, efficiently. Should a front-and-back record be desired, maximum speed can be realized by photographing the fronts and backs of checks in one exposure.

Economical to install...economical to use

You can have a Recordak Junior Microfilmer installed in your bank—realize all the advantages of Recordak microfilming—without capital investment . . . at a low monthly rental charge that includes servicing, maintenance, and parts replacement.

Your film costs, too, will be surprisingly low. Imagine being able to record up to 6,000 checks on a

In their microfilming operations, many community banks follow the Recordak Co-ordinated System: all incoming items (mail, teller, exchange) are collected at periodic intervals . . . microfilmed . . . entered on the proof sheet . . . and then distributed to the various departments. Also microfilmed, are all documents which originate in the bank . . . such as return items, statements, etc.

To read your microfilm records, you simply insert the desired film roll . . . lower the viewing-screen . . . and flick a switch. Every detail is projected sharp and clear . . . enlarged to convenient reading size . . . and you can speed the film from image to image merely by turning a convenient handle.

100-foot roll of film . . . costing only \$3.63 . . . with no extra charge for processing. For more information on the way Recordak Junior Microfilmers serve thousands of community banks—contact the nearest Recordak branch office. Or write to Recordak Corporation (Subsidiary of Eastman Kodak Company), 350 Madison Ave., New York 17, N. Y.

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Consumer Credit News

Trade Papers Doing Good Publicity Job for Bank Credit

This selection of news and opinion was compiled by THEODORE FISCHER of BANKING'S editorial staff.

SOME of the trade magazines, the kinds that bankers seldom see, are doing a fine public relations job for the banks—and particularly so for the loan departments. We have two such before us: *Model and Hobby Industry*, and *Implement & Tractor*.

The gist of their message is that banks do more than just accept deposits; that it's a good idea to know your banker better; that banks have experts on many problems and can prove mighty helpful; that bankers and dealers working together are also working for the good of their community.

In *Implement & Tractor* appears a feature entitled, "Know Your Banker Better," which begins:

"The farm equipment dealer who walks into his local bank, plunks down his deposit and isn't seen until time for his next one, may be unwittingly neglecting his business and the business of his community."

The magazine points out that there are many services available through the local banks, and that skilled bankers can help solve many financial problems.

"... There are many services your bank can give you other than its most commonly known functions, which can be of invaluable aid. Credit service is one."

"... The farm equipment dealer and the banker, when working together, are actually increasing the prosperity of their community. By supplying the necessary money with which the farmer can buy machinery, the banker sees to it that all three share in the profits. The dealer's business will jump ahead, the banker will be keeping money in the community, and the farmer, of course, will have his new machinery. So, since a bank's business consists of making loans, go to it whenever you or one of your customers needs money. The banker wants to make loans, and if he refuses he usually will have a good reason. Many times, a reconsideration of your program will take care of his objections."

Model and Hobby Industry does a similar job under the title, "Let Your

Bank Help You," a few paragraphs of which are here quoted:

"Few bankers are as stone-hearted as they seem," this article points out kindly. "All bankers have to be cautious, and all bankers respect business ability and judgment on the part of the man who comes to borrow. But essentially the thing the model store owner can always well remember is that banks are in business to lend money, not to hoard it... and that any banker would rather make a loan than turn one down."

With the banker on our side, the magazine points out, it "is just the same as having additional capital when it is needed most and is surely like having an experienced financial expert to guide the operation of our model business."

"Bankers are good people to have as friends; and bank money is a good thing to rent and use wisely. . . . Give our local banker half a chance and he'll readily help us to build a bigger and better business."

From Fair to Good

Coleman Isaacs, vice-president of Lincoln National Bank and Trust Company, Fort Wayne, says that a loan customer can fall behind in his payments, and with the proper attitude and help on the part of the bank can become a very worth-while customer.



"How's high finance this morning?"

In a speech some weeks ago, he said:

"The fact should not be overlooked that our customer is as human as the loan officer, or the employee who is trying to collect. If he hadn't had financial difficulty he wouldn't have come to us in the first place. He may still be a good customer, even though he has committed a minor infraction of our contract. In my experience, I have seen many good loan customers lost, as far as we were concerned, merely because a collector insisted upon payment in a manner impossible for the borrower to meet. This is one of the best ways to destroy the borrower's desire to pay."

"Keeping in mind that an instalment borrower is basically honest and will fulfill his obligations, if given an opportunity, the collector should be on the lookout, also, for the weak spot that is causing the delinquency. If he finds this weak spot, the collector should analyze the situation and suggest the necessary adjustment. By doing this, the collector has the opportunity to do a good sales job for us, and can impress the borrower with the necessity of paying when due."

"The weak spot mentioned before could be caused by one of many reasons. Some of the most common being wrong due date, reduced income, temporary lay-off, sickness and unexpected expense. The collector should, after determining the cause, be equipped with a collection policy which will permit him to adjust the due date, or payment schedule, through a reasonable renewal policy. However, I do not feel that renewals should be made just to remove slow pay accounts from our delinquent report to our directors. A fair renewal policy gives us an excellent opportunity to make a fair account out of a poor one and a good account out of a fair one."

Old Stuff

Consumer credit is ordinarily considered as a comparatively recent development—and in its present form and importance it is. However, Wilbur C. Plummer's study of "Consumer Credit in Philadelphia," shows that it enjoyed some vogue way back before 1800. Professor Plummer points out that Robert Aitken, printer and bookseller, did an extensive credit business "on Front

Street opposite the London Coffee House.

"Among Aitken's customers were booksellers and book peddlers who bought Bibles, school books, literary works, and so forth in wholesale lots; but there were also numerous professional people, shopkeepers, and artisans who bought books and stationary not only for professional and business purposes but also for their personal and family use.

"Among Aitken's credit customers well known to history are: John Adams, the Reverend Jacob Duché, Benjamin Franklin, Joseph Galloway, Francis Hopkinson, Philip Livingston, Thomas Paine, Charles W. Peale (who settled his account with pictures of Lafayette and Franklin), Samuel Powel, Caesar Rodney, Dr. Benjamin Rush, and Noah Webster.

"Some of his customers may be identified by occupation as follows: a calico printer, a dancing master, a drayman, a farmer, merchants, two shoemakers, a soap boiler, a stonemason, two silversmiths, a tobacconist, an upholsterer, and a watchmaker."

Nothing Down

Buying a refrigerator or other appliance on the "meter plan"—nothing down and a quarter a day in the meter—may be handy for the purchaser but a headache for the bank.

So far as the bank is concerned, regular instalment paper is much to be preferred, according to the *Consumer Credit Bulletin* of the Mercantile-Commerce Bank and Trust Company in St. Louis. Tim J. Gallivan, editor of the *Bulletin*, writes that "meter plan paper is usually satisfactory from a delinquency standpoint. The trouble with the meter plan," he says, "is the expense and difficulty of collecting the payments. If you permit the collections to be made by the dealer, there is the hazard of his maintaining a cash float with your funds; and, if he is undercapitalized as many dealers are, you have a policing problem on your hands.

"If on the other hand you maintain direct control over the account by making these collections yourself, the cost of collecting them will surely eat up all of your profit on the transaction. Collection costs differ in various communities; but it is inconceivable that even in a highly concentrated territory the cost per collection can be less than 50 cents; and it more likely exceeds \$1.50. An ordinary instalment payment on appliance paper would be about \$10; therefore, collection costs will tend to exceed 5 percent, and might conceivably cost

as much as 20 percent of the monthly payment.

"Meter plans calling for no down-payment by the purchaser permit him in effect to lease the equipment for a nominal rental charge. Under this plan, the purchaser does not even have a fair equity in the merchandise until he has made six full months' daily deposits. Therefore, for six months, there exists a definite repossession hazard. Even if the selling dealer is reliable and the purchaser's credit is perfectly satisfactory, meter plan paper still should not be handled, excepting on a full recourse basis. The selling dealer should be entirely responsible and the ordinary protective features of the standard repurchase agreement should not be extended to him. There is no good substitute for a substantial purchaser equity and in lieu thereof, your protection must come from other sources: (a) A-1 purchaser credit; (b) dealer's financial worthiness and moral integrity; and (c) proven, acceptable merchandise."

"Facts of Life"

The *Business Bulletin* of The Cleveland Trust Company notes that for several months the public has been borrowing more money for the purchase of foods—particularly automobiles. But in relation to total personal income after taxes, the volume of consumer credit outstanding is still lower than prewar.

Roger Steffan, vice-president of the National City Bank of New York, said much the same thing in a recent address. Said Mr. Steffan:

"The \$9,133,000,000 of instalment credit outstanding is only 4.3 percent of current national personal income, compared with 6.1 percent 10 years ago. Assuming the present national income, not until or unless instalment credit reaches a resounding \$13,024,000,000 will it bear the same relation to the facts of life as in 1939."



"Gas up while you're waiting, sir?"

"Packing" Conference

THE Federal Trade Commission's Trade Practice Conference on Automobile "Packing" and Related Practices opened in Washington on September 15. Following are excerpts from the remarks of Lowell B. Mason, acting chairman, at the opening of the conference.

"... I count it the duty of government to make the rules of fair business conduct generally observed so that no law-abiding merchant suffers the handicap of too many competitors who won't tell their customers the truth.

"... It must be plainly understood that what comes out of this conference will not be new law, but a common understanding and a common acceptance by both government and business as to what the law already is—not what it was 10 years ago, nor what it will be 10 years hence.

"... Those concerned with financing the sale of autos who refuse to participate in this Trade Practice Conference are in effect giving support to the totalitarian theory that the American businessman must be prosecuted to be virtuous.

"... The Trade Practice Conference Division is concerned with securing the cooperation of businessmen toward observance of the law.

"... I have no false illusions about the rugged path that lies before private citizens and Government agencies jointly seeking to clean out deceptive practices in commerce. It is a Herculean, never-ending task. Neither businessmen nor government can do the job alone. We must work together.

"For our part, we do not propose to sit idly by and see honest, law-abiding dealers (who make full disclosure in their sales contracts) suffer at the hands of those who violate the law.

"As far as I am concerned, there will be no buck passing at the Commission. I predict you businessmen who obey the law will need the encouragement of vigorous prosecutions against the chiselers who deceive their customers.

"... Free competition is on its way back. Gone is the false prosperity of car shortages and gray markets. Gone is the heyday for the soft salesman, with begging customers pushing their bank rolls under the door for a chance at a car.

"The alert merchandiser who knows his product and who charges an honest price will capitalize on the fact that his sales contracts are on the up and up—no gimmicks, no phoney financial charges. He will let the world know his terms and where the purchase price goes.

"... He will do this because in America, under the free enterprise system, the man who offers a good product at an honest price not only prospers, but helps to keep our kind of an economic democracy alive. . ."

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cost, and a manual of operations and a supply of operational forms are included of course.

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- | | | |
|------------------------|------------------|---------------------|
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| 2. Wedding | 5. Birth | 8. Easter |
| 3. Wedding Anniversary | 6. Birthday | 9. Special Occasion |
| | 10. Mother's Day | |

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The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

WITH a lower rediscount rate fully expected and a strong feeling that a further cut in the reserve requirements of member banks is a distinct possibility, firm and somewhat higher prices appeared, in mid-September, to be indicated. The outlook might alter were there to be a greater than seasonal increase in the volume of loans, but of this there is as yet no evidence.

The Market for August

By the end of August previous high prices for 1949 had been equaled or slightly exceeded for nearly all bond issues callable in five years or more. For the month as a whole the volume of transactions in the longer issues was light but invariably the presence of any buy orders resulted in price improvement and gave evidence of the scarcity of supply. This seemed to be true of both the eligible and ineligible issues. Acquisition of the ineligible bonds was possible in many cases only when the buyer was able and willing to dispose of eligible issues. The "bank" $2\frac{1}{8}$ s crossed 106 at the month end, a price not previously reached since October 1947.

Open Market Committee Functions

Operations of the Open Market Committee during August continued to be confined solely to adjusting the supply of bills, certificates and notes to demand in order to prevent any marked altera-

tion in short-term rates. When necessary the market was supplied with what was required. When money tightened as the banks became temporarily over-invested, reasonable bids were made. For the month of August the result of such transactions was to lower the total of Government securities held by the Federal Reserve banks by \$966-million, all of the shortest category. There has been no change whatever since June 29 in issues with a maturity of five years or more.

These operations apparently involved both making specific certificate issues available from time to time as well as adjustment of weekly roll-overs of Treasury bill maturities in accordance with dealer positions and bank requirements. It can be said that at all times the Open Market Committee continued to be closely attentive to the maintenance of "orderly" conditions in the market for short-term obligations.

Pre-Christmas Refunding

The decision of the Treasury Department, announced on August 23, to refund the 2 percent bonds which had been called for payment on September 15 with a 1-year $1\frac{1}{8}$ percent certificate occasioned no surprise. While it would have been quite possible to have allowed the short-term rate to continue to decline to a point where a 1 percent rate could have been used, the action of the Open Market Committee in the two weeks from August 10 to 24 in making both bills and certificates freely available in the market clearly indicated that too sharp a decline in the rate was not deemed desirable.

The Treasury announcement, how-

ever, was particularly interesting for three reasons: First, the failure to name a rate for refunding the large October 1 maturity of $1\frac{1}{4}$ percent certificates; second, the decision to refund the \$4,385-million of 2 percent, $2\frac{1}{2}$ percent and $3\frac{1}{4}$ percent bonds with a note, and, third, that the decision should have been made public over three and a half months before the actual refunding.

The failure to set a rate for the new certificate to be offered for the October maturity of \$6,535-million was probably merely precautionary. At the time of the announcement some possibility existed that increased demand for the shorter-term issues might drive the rate down, but in the ensuing weeks Open Market Committee policies were effective in bringing both bills and certificates in line with a 1-year $1\frac{1}{8}$ percent level, so that, as this is written, continuance of that rate on October 1 seems assured, as the new September 15 certificate issue is 1.09 percent bid, offered at 1.07 percent on a when-issued basis.

The decision to refund the bonds maturing in December with a note issue—which limits the refunding issue to a maturity of not less than one and not over five years—led naturally to considerable speculation as to both the rate which might be expected and the possible maturity. Based on present market yields it seems clear that the maximum rate must be limited to $1\frac{3}{8}$ percent with a maturity somewhere in 1954, while the fact that the 2 percent bonds callable on December 15, 1952, are now selling to yield $1\frac{1}{4}$ percent to the call date with three years and three and a half months to run would appear to make a new $1\frac{1}{4}$ percent note with a

maturity in the second half of 1952 not out of line. Which of the two rates is likely?

The $1\frac{1}{4}$ percent rate would be obviously the cheaper, and low interest cost is certainly a factor during a period of deficit financing. On the other hand, as we pointed out last month, 1952 is already burdened with a heavy maturity problem (\$17,012-million), while 1954 has but one small callable bond issue (\$681-million). The slight extra interest cost of the somewhat longer issue would seem to be offset by the desirability of beginning to moderate the yearly maturity schedule.

Making the announcement at such an early date effectively clears the air of rumors regarding the possibility of bonds being issued even in the intermediate 5- to 10-year range. After December 15 no bonds are callable until March 15 (\$1,963-million 2s). Six months later \$6,125-million 2s and $2\frac{1}{2}$ s can be called. Unless there is a marked change in the budgetary outlook, the Treasury will continue to be interest-cost conscious. The current decision is revealing as to Treasury intentions.

Whatever the final decision regarding the rate on a new note issue, the Treasury has now broken away from the long continued and often criticized practice of adding to the already heavy volume of floating debt and has given holders of bond issues callable in the next several years a forecast of what to expect.

This expectation can hardly be something to cheer about from the standpoint of income. The exact impact on annual interest received can be determined only by a comparison of the amortized yield now being accrued from present holdings with the rate to be expected from refunding issues. Comparison of the respective coupon rates would be misleading, as the issues to be refunded have been acquired at various times and prices. In many cases substitution of a $1\frac{3}{8}$ percent rate in December may well be within a $\frac{1}{8}$ percent or a $\frac{1}{4}$ percent of the rate now being accrued. In those cases there would seem to be little to be gained by current sales of the called bonds and the purchase of extended maturities in view of the very modest increase in income possible, unless the longest maturity is selected. Where a greater spread exists between the income now being received and $1\frac{3}{8}$ percent, some consideration might be given to refunding now by means of the sale of the called bonds and the purchase of longer maturities, but even in such cases worth-while income benefit cannot be attained unless the $2\frac{1}{2}$ s of September 15, 1967/72 (now yielding

2.09 percent) are selected as a replacement. As this issue has now risen to 106, purchases should be made only as permanent acquisitions for income with due recognition of possible future market fluctuations, although, until the Treasury budget is brought into balance and present easy money policies are reversed, somewhat higher prices would seem likely.

Banks Use Released Reserves

During August about \$1,800-million of member bank required reserves became excess reserves as successive reductions in reserve requirements became effective. What use was made of the funds released? A comparison of the figures for the reporting member banks from July 27 to August 31 shows that most of the new buying power went into Government securities, which increased \$1,717-million for the period. Of this amount, \$1,553-million consisted of bills, certificates, and notes, as bond holdings rose only \$164-million.

Gross loans rose \$460-million, but \$268-million of the rise was accounted for by loans to carry securities. Business loans were up \$72-million, real estate loans gained \$44-million and consumer loans \$53-million. That a larger part of

the acquisitions were not invested in longer maturities can be mainly attributed to the lack of such issues actually available as well as to the low yields to which even the relatively small demand had driven the few issues from which to choose. For example, only an increase in yield of $\frac{1}{2}$ of 1 percent for a maturity extension from December 15, 1952, to September 15, 1956 (three years and nine months), was possible. The approximately 1.45 percent yield from the $2\frac{1}{4}$ s callable on September 15, 1956, was only about a .40 percent increase over the riskless yield of a little over 1 percent on bills and certificates. Hope springs eternal and the gain from swimming out from the shore of early maturity apparently seemed to be regarded as inadequate compensation in the face of the possibility—however remote—of some favorable development which might permit the ultimate conversion of the safety-first issues into longer obligations on a more advantageous basis than is now available.

This hope seems quite definitely to have been postponed again by the action of the Treasury Department in regard to refunding operations for the balance of 1949, and quite probably for 1950 as well.

Other Securities

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

THE fall season of bond and stock underwriting got off to a relatively slow start after Labor Day. Flotations for the first two weeks after the holiday amounted to only about \$50-million. Demand for municipal issues has slackened a little, but the markets turned in an impressive performance several weeks ago when the \$100-million Canadian Government bond issue was absorbed rapidly. The Dominion obligations run for 25 years and bear interest at the rate of $2\frac{3}{4}$ percent. Filings with the Securities and Exchange Commission indicated that proceeds will be passed on to the Canadian National Railways and the National Harbours Board which, presumably, will apply the funds towards redemption of now outstanding bonds, guaranteed by the Ottawa Government.

On the general topic of the investment markets and the gradual changes which are occurring, Harry A. McDonald, a member of the Securities and

Exchange Commission, remarked the other day to the closing session of the first annual mutual fund conference held in New York that "a new investor class is emerging." The great middle income group, he said, has become the reservoir of most savings and the source of most investment funds.

Like banks and insurance companies, investment trusts, he added, are a form of institutionalized savings. He warned that continued development of institutionalized savings is transforming the investment markets, because individuals are delegating their investment judgment and their decisions to institutions. The growing institutional investment influence has long been in evidence.

Metals

There has been considerable activity in the basic metal markets, in alloys and other fields, and this has resulted in increasing interest in securities of metal companies the world over. Silver has now risen above 73 cents an ounce and

(CONTINUED ON PAGE 111)

How To Take It Easy (CONTINUED FROM PAGE 49)

work. Safeguard against this self-criticism and its attendant building up of nervous tension within you by forming the habit of *looking for good points in yourself*. Give up the idea of getting rid of bad points. Cultivate your good points and they will overshadow the few weak ones.

Build up your trust in yourself. Cooperate with your good points, and don't become anxious trying to battle your unwanted ones.

Jealousy is a closely related attitude that adds unnecessarily to nervous tension. Jonesey, for instance, wanted so badly to become treasurer, and criticized himself inwardly so much that he soon imagined everyone else in the office was trying to get his job. That is why he lost his temper at the bookkeeper.

When the office exposed south the north side, sulking pout of up the office voice sounded most people in



things. **Q Q Q** Inevitably this attitude of jealousy made Jones a poor cooperator. When he should have cooperated, something inside him became taut, and he alibied out of helping. He looked upon everyone as a natural competitor—and overlooked his real competition. His real competitors were his attitudes. They were doing him more harm than all the rivals, real and imagined, in the firm.

Cooperation is essential in all business. Cooperativeness does to some strong-minded people. Yet they must cooperate to forge *learn to like cooperating* to avoid nervous tension. In modern business five is his own boss. The other four have to cooperate. *Exercise offering to help someone with some extra work, by looking for chances by showing real appreciation for little helps given you.*



not come naturally ahead. They mustness only one person *your cooperation by to do little favors, and*

Many Happy Returns (CONTINUED FROM PAGE 33)

organized schools of their own to encourage adult people to study while they work. . . .

"Like many of the other great men of our history, John W. Snyder began his career as a country school teacher; later as a businessman, banker, and public servant, he has always maintained his interest in education."

The Secretary said, in part:

"It's not an easy task to pick out a card for a friend's 50th birthday. Most of us are a bit sensitive about reaching the half-century milestone. But in reaching the mature age of 50, the American Institute of Banking can be proud of its length of service and of the great contribution it has made to American banking during its lifetime. The Institute has shown great capacity for productive work, and it has every reason to look forward to an even brighter and more successful future.

"You will all be interested to know that recently the Office of the Comptroller of the Currency—one of the Treasury Department's important bureaus—registered 526 national bank examiners and assistant examiners in the Institute's correspondence courses. Approximately 300 examiners of the staff of the Federal Deposit Insurance Corporation have been enrolled. And I am told that some of the state bank examiners also are Institute students.

"The Institute is a great laboratory for the banking business. It has borne out in every way the vision which its

founders had when they asked the American Bankers Association to establish it. Throughout its life the Institute has given its members a splendid means of improving themselves, and of improving banking service and standards.

"If we grasp our opportunities with vigor and enthusiasm, I believe we can continue to move forward to new heights of economic achievement in the years ahead. The banker is an essential part of our economic life, and so is a vital factor in our economic progress. The manner in which he adjusts his policies to the economic needs of a delicately balanced society is as important as the judgment which he uses in distinguishing between a good and a bad loan or investment.

THAT is why the American Institute of Banking is so important. It does not stop at making available information and instruction. It strives to broaden the vision of the young banker. It stimulates thinking and critical analysis of existing practices and procedures. Thus it opens the door to continuous improvement, and leads to the development of guiding principles for future banking.

"Instruction can enrich and make more effective the abilities based upon experience and intelligence. This has been the purpose and the achievement of the American Institute of Banking. Our thanks are owed to those who launched the Institute program, and to those who have, and who will, keep it geared to changing needs and conditions."

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October 1949

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BANK LAW NEWS

Case of Wrong Depositor—Safe Deposit Contract

ERRONEOUS CREDIT

Right of bank to recover money credited to account of wrong depositor.

In Texas the Court of Civil Appeals had upheld the right of a bank, which erroneously credited some \$6,000 to the account of a married woman, to deduct that amount from her account when it discovered its error two years later.

The money had been deposited by Clara T. Scott, and credited in error to the account of Clara L. Scott, who knew of the error but nevertheless took advantage of it and drew checks upon her unexpected "windfall."

The court held that Clara L. was obliged to return the money, even though as a married woman she was incapable of entering into an express obligation; and even though funds in her account when the bank debited it may have represented proceeds of a sale of homestead property, ordinarily beyond the reach of creditors.

Furthermore, said the court, if debiting the erroneous credit from her account left it overdrawn, she was liable to the bank for the amount of the overdraft. *Scott v. Highland Park Bank*, 218 S.W.2d 877. *P.D.*, Deposits §§7C:5, 13:10

SAFE DEPOSIT

Bank must show that it exercised due care or be liable for property missing from safe deposit box.

One Saddler rented a safe-deposit box from a bank and signed a contract, prepared by the bank, wherein he was denoted as lessee of the box. However, in the portion of the contract which stated from whom the box rent was received, there appeared: "Received from Mr. or Mrs. Wm. E. Saddler. . . ."

While Saddler was in military service the bank permitted his wife access to the box. When Saddler returned from service he discovered that his wife had made off with the contents of the box and "dissipated and squandered the

proceeds." He claimed damages from the bank. The bank claimed that the contract gave his wife authority to open the box. The Illinois Supreme Court, with three judges dissenting, upheld his claim.

That portion of the contract reciting from whom rent was received did not determine the identity of the lessee of the box, said the court, and was not authority for permitting entrance to the box by persons named therein. One may pay the rent on another's box, but that would not justify his entering it, said the court.

The body of the contract referred to Saddler alone as lessee and the bank was bound to treat him as sole lessee, the court held, regardless of any alleged oral agreements or understandings to the contrary; the intentions of the parties were set forth in a written contract and must be determined solely by its language, not by additional evidence as to what was intended or how the parties understood their contract.

Furthermore, said the court, the contract was prepared by the bank and must be construed "most strongly" against it.

The bank's contract obligation could be satisfied only by delivering the contents of the box to the person entitled to them, the court ruled. Failure to deliver raises the presumption that the loss was due to negligence, and imposes upon the bank the burden of proving that it was not negligent, said the court, and failing this proof, the bank is liable. *Saddler v. Nat'l Bank*, 85 N.E.2d 733. *P.D.*, Safe Deposit §§2, 6A:5, 6C, 10.

STOPPING PAYMENT

Time available to drawer to give effective order to stop payment on his check.

A decision of Maryland's highest court reaffirms the right of a bank's depositor to stop payment of his check before it is "dead," but is not too clear as to the time of a check's demise:

A depositor ordered his bank to stop payment of his check. At the time the order was given, the check was in the bank's hands, having been forwarded from an out-of-town bank, where it had been deposited for collection; the bank's treasurer had telephoned the forwarding bank that the check was good; a draft in payment of the check was waiting to go out in the mails to the forwarding bank; but the amount of the check had not yet been charged to the depositor's account on the bank's ledger. The vice-president of the bank accepted the stop payment order "conditionally," apparently in the belief that the treasurer's action might have made it too late to stop payment. Thereafter the check was paid and the drawer sued the bank for restitution.

The Court of Appeals held, first of all, that "the order was either effective or futile" and that the vice-president had no right to accept it "conditionally."

So far as the forwarding bank was concerned, the court held that a telephoned statement "that a check will be accepted for payment is not in law an acceptance." The drawee bank was under no obligation to pay the amount of the check to the forwarding bank until it had "accepted" it in writing.

Concerning the time when it becomes too late to stop payment on a check the court held that if the drawee bank charges a check to the account of the drawer or credits it to the account of the forwarding bank, "this is equivalent to payment and the check is dead."

The court also quoted with approval a decision to the effect that there can be no "acceptance" of a check until the account of the drawer has been charged and the account of the forwarding bank credited.

Finally the court held that, at the time the order to stop payment was given, the bank had merely manifested an intention to pay the check and "had not accepted it for payment"

(CONTINUED ON PAGE 74)

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(CONTINUED FROM PAGE 72)

nor paid it. Therefore, the court held, payment should have been stopped.

The court never did make clear what it meant by "acceptance" of a check, nor whether it would require a drawee bank to make appropriate entries in the accounts of both drawer and payee, in order for a check to be deemed finally paid, or whether an entry in either account would suffice. *Keller v. Fredericktown Savings Inst.*, 66 A.2d 924. *P.D.*, Acceptance §6:2; Stopping Payment §§1:1, 2.

UNAUTHORIZED ENDORSEMENT

Attorney-at-law does not have implied authority to endorse his client's check.

A lawyer who receives, as the proceeds of a lawsuit, a check made payable to the client whom he represented in the suit, does not have implied authority to endorse the client's name by himself as attorney and cash the check.

The Supreme Court of Kansas, in so holding, said that "it may be conceded that there are many occasions where by reason of emergency in protecting the client's rights the attorney might be warranted in signing and cashing a check payable to his client's order, or

that he might have a lien on the proceeds which he would have a right to collect and withhold, or that there might be other circumstances warranting an inference he was authorized to endorse and collect the check. . . ."

But, said the court, the authority of an attorney to endorse his client's check is never presumed. The relation of attorney and client is one of agent and principal, subject to the general rules of law applicable to agency. An agent's authority, whether express or implied, is always subject to proof, and a bank which pays a check upon an attorney's endorsement may be held liable if the endorsement is not in fact authorized. *Pearcy v. First Nat. Bank*, 208 P.2d 217. *P.D.*, Indorser §10.

IMPOSTER RULE

Application of rule to guarantee of endorsements on government checks reaffirmed.

A majority of the U. S. Court of Appeals, 5th Circuit, has again ruled that a bank which cashes a Government check for an imposter is not liable for its guarantee of prior endorsements if it ascertains that the imposter is the person to whom the Government intended the check to be paid.

To hold otherwise, said the majority, would tend to destroy the negotiability of Government checks by forcing every payee to present his check at a Federal Reserve Bank only, and there prove that the check was issued to him and that he was the very person the Government owed.

The case arose when one Bertha Smith, posing as Beulah Gibbs, widow of a deceased soldier, successfully applied to the Veteran's Administration for a pension, and thus received pension checks payable to "Beulah Gibbs." These were cashed by banks after she endorsed them with a signature purporting to be that of Beulah Gibbs, and satisfactorily "identified" herself as that person. The banks then stamped the checks "Prior Endorsements Guaranteed" and collected them from the Federal Reserve Bank. The fraud was eventually discovered and the Government sought to hold the banks on their warranty of the genuineness of "Beulah's" endorsements.

"The real question here," said the court, "is whether these signatures are forgeries, or mere steps in a fraud." Had the checks been applied for by and issued to the real Beulah Gibbs and then come into the hands of Bertha

PATON'S DIGEST OF LEGAL OPINIONS



This three-volume set, compiled by the Legal Department of the American Bankers Association, treats more than 4000 legal problems of interest to banks and their attorneys. In it will be found:

- Pertinent court decisions
- Applicable statutes
- Important uniform laws
- Compilations or digests of federal and state statutes
- Banking forms

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Since the publication of the three original volumes, the material has been kept up to date by means of a looseleaf Supplement.

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Some Chapter Headings

CHattel MORTGAGES
CHECKS DEPOSITS
INTEREST and USURY
MORTGAGES OVERDRAFTS
STOPPING PAYMENT
TRUSTS, ESTATES
and WILLS

Smith, the endorsements would be forgeries. But here, said the court, they were intended to go "to this very flesh and blood person," Bertha Smith. She was the genuine payee, said the court, and her endorsement was therefore genuine; the cashing bank guarantees "that the person to whom the check was issued has endorsed it, but not that the check was honestly procured from the drawer."

Dissenting, Judge Hutcheson opined that "the Supreme Court cases on which the Government relies require a contrary rule to that espoused by the majority." He agreed with the majority insofar as it held that it is the province of the VA to identify persons claiming veteran's allowances and to pass on the validity of their claims, and that banks do not have the burden of correcting mistakes made by or frauds committed against the VA.

"It is not true, though," said he, "that they can voluntarily assume this burden, by guaranteeing as genuine the signature of a person who presents himself as the payee named in the instrument, and then escape the consequences of that guarantee."

Here, said he, the Government, dealing through agents and by mail, issued countless checks to named but not otherwise identified payees, and in no way undertook to identify the payees to the banks, nor in any way undertook to mislead the banks into paying the checks and guaranteeing the endorsements.

"I feel," said he, "that the public policy in favor of holding to their contract banks who take paper and guarantee prior endorsements in situations of this kind far outweighs the supposed, but in reality non-existent, equities here invoked in the bank's favor, and so feeling, I respectfully dissent from a rule which allows a bank to make its own bed and then refuse to lie in it."

Previous decisions in this same case were reported here in November 1947 and December 1948. U. S. v. Continental-American B.&T. Co., 175 F.2d 271. P.D., Indorser §18A.

BAD CHECK LAW

Giving bad check for pre-existing debt held to be no crime.

Mississippi has a law which provides that any person who, for value and with intent to defraud, obtains money, goods or other property by the giving of a check backed by insufficient funds, is guilty of a misdemeanor.

When one Blakeney hired one Johnny Bender to saw logs for a week and then

paid for the labor with a check drawn on a bank at which he had no account, he was convicted under this law.

On appeal, however, the conviction was reversed. The state supreme court held that Bender's labor was not performed in consideration of the check, since it was given after his work was done, and that the check was given "in purported payment" of a debt.

To find that Blakeney's conduct violated the statute, said the court, would require finding that the statute was intended to make nonpayment of a debt punishable by fine and imprisonment. The statute was not so

intended, said the court, 'since Mississippi's constitution prohibits imprisonment for debt, and Blakeney had not violated it, though he was civilly liable to Bender. Blakeney v. State, 39 So.2d 767. P.D., Checks §22:14.

No one understands the meaning of thrift and silence like a married man.

A word to the wives interrupts a dialogue.

The person who burns his candle at both ends has a very bright light.

A FAVORABLE LOCATION . . .

The location of our Main Office is in Cleveland's Terminal Group of buildings. This group is immediately adjacent to the United States Post Office and to all air and rail express facilities and other means of transportation. This fortunate position facilitates the handling of your business and enables us to expedite it with attending benefits to yourselves.

You are invited to make use of these modern facilities and of our nearly 60 years' experience with the commerce and industry of this Great Lakes Region.

Central National Bank
of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Advertising, Safe Deposit Surveys

Results of two interesting surveys among its membership have recently been announced by the Kentucky Bankers Association.

An advertising questionnaire was answered by 132 banks, which contributed information on media used, frequency of use, and other data. It was found that 61 of the 132 banks use no newspaper advertising at all. Reasons for nonuse of newspaper space were varied. In one case the bank used the local theater as its medium, while in another, radio was used instead. On the other hand, some banks reported using both newspaper and radio. It was noted that size of bank had no apparent bearing on the answers.

The KBA says: "It is hoped that

R. O. Deming, Jr., president, Deming Investment Company, Oswego, Kansas, now heads the Mortgage Bankers Association of America. Mr. Deming's father headed the association in 1923-24



Millard C. Stevens, president, Savings Banks Association of Maine and treasurer, Auburn Savings Bank

every bank will give careful thought and study to developing an aggressive campaign for taking the private banking light out from under its cover.

"Only through knowledge and understanding of bank performance to a community and its people can we sell ourselves. We must tell our story if they are to know."

A survey on safe deposit box rentals brought in 249 replies.

According to the *Kentucky Banker*, "the reaction to a safe deposit department varied from one bank considering dropping this service because of regulations and liabilities, to another bank with about the same total resources and serving the same size city considering it one of their best investments."

Some banks have made rental increases since the war, generally in the case of smaller boxes. The predominant adjustment amounted to \$1.

ABW in San Francisco

The Association of Bank Women will hold its 27th annual convention in San Francisco, at the Hotel Fairmont, October 27-29.

Bernice D. Parks, president of the association and assistant treasurer of the Provident Institution for Savings in

the Town of Boston, has appointed Marguerite E. Downing, advertising and publicity manager of the San Francisco Bank, as general convention chairman.

Among the prominent speakers on the ABW program is Georgia Neese Clark, Treasurer of the United States.

Commercial Finance Meeting

The annual convention of the National Conference of Commercial Receivable Companies, Inc., trade association for the commercial finance industry, will be held at the Waldorf Astoria Hotel, New York, October 23-25.

A session of the convention open to the public will begin on the morning of October 24. This year a "trade show" will be held in conjunction with the
(CONTINUED ON PAGE 78)

Milton J. Drake, vice-president, The Detroit Bank, is the new president of the Robert Morris Associates





A kitchen package that protects your Investment!

THE GENERAL ELECTRIC COMPLETE KITCHEN PACKAGE

To the homeowner, a General Electric *Complete Kitchen Package* means—

Easier living! More leisure, more comfort, more sanitation and greater economy—all thanks to wonderful G-E appliances designed for truly *modern* living.

And to you it means—

A proud and satisfied homeowner who pays steadily!

He usually keeps the home longer.

He protects the home financially.

Several other factors—beginning with the “packaged mortgage” plan—help protect your home mortgage investment when the G-E kitchen is included.

EASIER PAYING WITH “PACKAGED MORTGAGE”

Under the “packaged mortgage,” the kitchen is *part* of the house—and *part* of the price.

The home-buyer pays only a few extra dollars a month on his regular home mortgage—an average of about \$1.80.*

No heavy short-term installment buying... the buyer pays over years instead of months! No future installation problems or inconveniences!

And the savings through ownership of General Electric appliances can often offset the slight extra monthly payments.

All these factors help promote *regular* mortgage pay-

ments—and tend to increase the security on your investment.

Learn the General Electric Home Bureau Story

If you are interested in the inclusion of operating equipment in your realty mortgages, write to the General Electric Home Bureau for further information.

Address the Home Bureau, Appliance and Merchandise Department, General Electric Company, Bridgeport 2, Connecticut.

**When equipment is included in a long-term mortgage.*

You can put your confidence in—

GENERAL  ELECTRIC

(CONTINUED FROM PAGE 76)

convention, where manufacturers will exhibit labor and expense-saving devices especially adapted to the use of this business.

NABAC's 1950 Meetings

The following dates and host cities have been announced for next year's conventions of the National Association of Bank Auditors and Comptrollers:

Fifteenth Eastern Regional Conference, Miami, Florida, April 18-21.

Fifth Western Regional Conference, Seattle, Washington, May 18-20.

Twenty-sixth annual convention, Kansas City, Missouri, October 23-26.

The time and place for the 13th Mid-continent Conference will be announced later.

Banking Conferences

Several bankers' conferences will be held in the near future. Among them are the following:

An instalment lending conference of the Illinois Bankers Association will be held in Springfield, October 5 and 6. Subjects to be covered include credit conditions and loan policy, operating methods, and collection problems and policy.

Later in the month—October 20-22—the IBA and the University of Illinois will jointly sponsor a conference on the campus at Urbana. The program being planned will cover both agricultural and economic subjects.

The New York State Bankers Association will hold its second annual Farm Credit and Bank Operations Confer-

ence in Syracuse, November 1 and 2. The program will provide for presentation of 16 subjects, eight dealing with agriculture and eight pertaining to bank management and operations.

A conference in West Virginia, sponsored jointly by the West Virginia Bankers Association, West Virginia University and the Federal Reserve Bank of Richmond, will be held at Jackson's Mill, October 10-12. Contributing to the conference will be the Robert Morris Associates and the Central West Virginia Chapter of the National Association of Bank Auditors and Comptrollers.

Subjects to come under study will include credits, bank operations, public relations, and the state's economic situation.

"Know Your Bank"

Delaware bankers were so well pleased with the "Know Your Bank Week" which they celebrated last spring that another such observance is being held the first week of this month. It is being planned by O. H. P. Baldwin, chairman of the Delaware Bankers Association's public relations committee and vice-president of the Wilmington Clearing House.

In Pennsylvania a survey indicates that a majority of the banks there favor the holding of a "Know Your Bank Week" each year. The latest such event in Pennsylvania was held last June.



"Oh, here's a lovely set for only \$747, Walter . . .
Walter, where are you?"

Group Meetings in Ohio

Ohio's 659 banks are studying credit policies and banking services to individuals and business during the current series of district association meetings, according to C. N. Sutton, president of the Ohio Bankers Association and executive vice-president of The Richland Trust Company, Mansfield.

Ohio's annual group meetings are attended by approximately 3,200 of the state's bankers and guests from other states.

By the Way—

We don't mind the person who achieves greatness, but the one who thrusts greatness upon himself grates upon us.

When all is said and nothing done, another bridge party is over.

Time may come and time may go, but not money. It only goes.

The person who is always trying to get even with someone never gets ahead of anyone.

There is no greater contentment than that which comes from ignorance.

A father's difficulty in making a model son is finding a model to follow.



Harold J. Gallagher, New York City, is the new head of the American Bar Association

In 1910 it was—4 banks...

In 1920 it was—6 banks...

In 1930 it was—30 banks...

In 1940 it was—176 banks...

And in 1949 it is—413 banks...

...that have been Central Hanover correspondents for 50 years or more. A bank is known by the correspondents it keeps.



CENTRAL HANOVER
BANK AND TRUST COMPANY
NEW YORK

Member Federal Deposit Insurance Corporation

Wage-Hour Law Changes

(CONTINUED FROM PAGE 40)

In concluding his letter expressing the business-contest opinion, the Administrator stated:

"The fact that such time is voluntarily spent by the employee and that no compensation is promised other than the contest prize money does not affect this conclusion. . . . The arguments which you present concerning the practical difficulties both of counting accurately the time spent outside of regular working hours and of prorating the prizes earned over the time spent in earning them are equally applicable to ordinary industrial situations involving homework on the one hand and incentive bonuses on the other, but it has always been the view of those who support fair labor standards that the importance of protecting the basic purposes served by the act far outweighs the inconvenience of computation with which employers are faced when they propose to employ or compensate employees on some basis other than the basic hourly rate in terms of which the act is written."

Suggestion Systems Overtime

On June 29, 1949, the Administrator released an opinion to the effect that if an employee spends time outside of his working hours developing an idea or suggestion in response to an employer-sponsored contest or suggestion system, the time so spent must be counted as time worked under the Wage-Hour Act. In addition, any extra pay or award given to an employee for suggestions made under these circumstances must be included in his straight-time rate on which overtime pay is based.

The Administrator pointed out that no categorical answer could be given to the question of whether all sums paid for suggestions need be included in the straight-time rate. On this point, the opinion which was signed by F. Granville Grimes, Jr., acting Administrator, contained these comments:

"If . . . the suggestion is one which naturally occurs to an employee in the course of his work and which needs merely to be stated or committed to writing in short form, I would not be prepared to state that the prize he received was compensation for time worked and hence, for enforcement purposes, I would not require the amount to be included in the regular rate.

"In particular cases where the problem may arise, the nature of the contest sponsored by the employer would be relevant in determining the question. To my mind, a definite distinction can and should be drawn between the mere establishment of an employees' suggestion box into which any employee can drop any suggestion that occurs to him and for which prizes will be awarded, in amounts commensurate with the value of the suggestion used, and, on the other hand, the announcement of a contest to devise a scheme for a particular purpose such as to promote sales or speed up certain operations, or plan an advertising campaign or design a new tool or the like.

"The latter necessarily implies an invitation to employees to perform particular work on behalf of the employer and if the employee accepts the invitation and spends time in the performance of actual work, his time must be counted as working time and compensated accordingly, and all compensation received for such work must be included in the regular rate of pay."

On August 31, 1949, the Senate approved the Thomas bill as a substitute for the Lucas bill which was passed by the House on August 11.

While the two bills substantially agreed in their provisions for increasing the minimum hourly rate of pay from the present 40 cents to a future 75 cents, there were minor and major differences in other provisions covering hours of work, overtime pay, child labor, exemptions, rule-making power, back wage suits, and good-faith defenses.

Future Developments

On September 10, 1949, the Wage-Hour Administrator published in the *Federal Register* a 30-day notice of his proposals to amend regulations governing exemption of certain types of employees. Major changes in the proposed revisions are:

For "EXECUTIVE" type of exemption—

(1) Employee must receive salary of at least \$55 a week. (The present salary requirement is \$30 a week.)

(2) Employee's nonexempt work—activities not "directly and closely related" to his executive functions—must not exceed 20 percent of his own weekly hours worked. (At present, the regulations describe nonexempt work as work performed by nonexempt employees generally and limit nonexempt work of "executive" employee to 20 percent of weekly hours worked by nonexempt employees under his supervision.)

(3) Employee who receives salary of at least \$100 a week could be exempt on the basis of a shortened test. (At present, the regulations do not provide a shortened test for exemption of higher-salaried employees.)

For "ADMINISTRATIVE" type of exemption—

(1) Employee must receive salary, or fees, at rate of at least \$75 a week. (The present requirement is \$200 a month.)

(2) Employee's primary duty must consist of the performance of office or nonmanual field work directly related to management policies or general business operations of his employer or his employer's customers, and his nonexempt work—activities not "directly and closely related" to his administrative duties—is limited to 20 percent of his weekly hours worked. (At present, the regulations do not clearly specify a primary duty test for "administrative" employees and contain no provision permitting performance of non-exempt work.)

(3) Employee who receives salary, or fees, at rate of \$100 or more a week could be exempt on basis of a shortened test. (At present, the regulations do not provide any shortened test for exemption of higher-salaried employees.)

For "PROFESSIONAL" type of exemption—

(1) Employee must receive salary, or fees, at rate of at least \$75 a week. (The present requirement is \$200 a month.)

(2) Employee must have as his primary duty (a) work requiring knowledge of advanced type in a field of science or learning, OR (b) must perform original and creative work in an artistic field, and his nonexempt work—activities not "an essential part of and necessarily incident" to his professional duties—is limited to 20 percent of his own weekly hours worked. (Now, the regulations do not clearly specify a primary duty test for "professional" employees and limit their nonexempt work to 20 percent of weekly hours worked by nonexempt employees.)

(3) Employee who receives salary, or fees, at rate of \$100 or more a week could be exempt on basis of shortened test. (At present, the regulations do not provide any shortened test for exemption of higher-salaried employees.)

[[After Congress takes final action on pending legislation, and when additional information is available on revision of administrative procedures, the American Bankers Association will cover all major revisions in a bulletin to its member banks.]]

ThriftiCheck Service Plan

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NEW THRIFTIMATIC CHECK IMPRINTER!

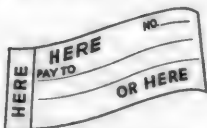
Backed by 10 years' experience with 'on-the-premises' check imprinting!



WITH THESE NEW FEATURES

1) Automatic feed. 2) Power-operated. 3) Count regulator. Merely set pre-selector dial to number of checks and standard deposit tickets to be imprinted—and flip switch! Shuts off at desired quantity. Checks come out face up with assured quality imprints. Compact! Takes little more space than a typewriter.

Choice of 3 Imprint Positions



Checks can be imprinted with name, address and city. Professional appearance assured through use of varied type styles. 'One-time' composition eliminates re-distributing or wasteful discarding of type. TYPE PERMANENTLY LOCKED IN REVOLUTIONARY "NAME-TUBE"; ALWAYS READY FOR INSTANT USE.

You Make No Investment! This New Check Imprinter Is Yours As Part Of *ThriftiCheck Service*

We—not the bank—make the total investment. We are satisfied to derive our return entirely from successful results produced for the bank. To assure that success, a continuous advertising program with a wide choice of material for all media is prepared for each client bank. We provide all operating forms and supplies necessary to service the *ThriftiCheck* accounts.

Find out more about *ThriftiCheck* service and the new THRIFTIMATIC Check Imprinter today! Just write, call or wire for full information.

On exhibit at BOOTH #2, Palace Hotel, A.B.A.'s San Francisco Convention!

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BANKING NEWS

National Trends in Savings and Mortgage Field Being Surveyed

Interest Rates Paid and Charges Included

A survey of developments in the savings and mortgage field has been initiated by the Savings and Mortgage Division of the American Bankers Association. Up-to-date information is being sought that will show the trends in various phases of savings and mortgage banking, including data showing interest rates paid on time deposits and interest charged on mortgage loans.

"The Savings and Mortgage Division has not made an important survey on savings for five years because of the rapidly changing nature of the business during this period," according to J. R. Dunkerley, deputy manager of the American Bankers Association and secretary of its Savings and Mortgage Division.

"Mortgage lending also has undergone considerable change in recent months. It is important to the Division to have authoritative information in developing better mortgage procedures."

The savings questionnaire includes four main topics, as follows: (1) Number of savings accounts and volume of savings deposits; (2) interest being paid on various types of time deposits; (3) increases in savings rates; and (4) steps being taken to encourage thrift accounts.

Nine phases of mortgage lending are included in the mortgage questionnaire: (1) Volume of mortgage loans on June 30, 1949; (2) breakdown of volume of mortgages by category of loan; (3) interest rate on newly granted "conventional loans" on residential property; (4) interest rate on new residential loans; (5) mortgage demand vs. money supply; (6) demand for VA loans; (7) bank purchase of FHA and VA mortgages; (8) mortgage payments delinquency pattern; and (9) approximate average size of mortgage loans.

A.B.A. School Saver Enters Third Year; Increase in Distribution Is Indicated

The *School Saver*, a student newspaper designed for distribution by individual banks to students of elementary and high schools, will be published again this year by the A.B.A. Advertising Department in cooperation with the Committee on School Savings Banking of the American Bankers Association. The autumn edition is now ready for distribution, according to Rowland R. McElvare, chairman of the Committee, which is a working group of the Savings and Mortgage Division. Mr. McElvare is senior executive vice-president

of the Bank For Savings, New York.

The publication, which is now entering its third year, has standing orders for 305,500 copies; and it is expected that subscriptions will be substantially higher because of the return of many banks to the school savings field.

During the past year, more than 60 banks have resumed school savings activities, to bring the total countrywide to approximately 400. These banks serve more than 4,000 schools with an aggregate of about

(CONTINUED ON PAGE 84)

Protective Group Makes Blanket Bond Coverage-Dishonesty Loss Study

Will Aid Bankers in Appraising Losses

A survey showing the blanket bond coverages carried by 7,377 banks, together with dishonesty losses of \$10,000 or more reported by all of the nation's banks in 1946, 1947, and 1948, has been made by the Insurance and Protective Committee of the American Bankers Association. The results of the survey are being

(CONTINUED ON PAGE 84)

Some Speakers at A. B. A.'s 23rd Western Trust Conference in Salt Lake City

Left, J. Reuben Clark, Jr., first counselor in the first presidency of The Church of Jesus Christ of Latter Day Saints, and L. H. Roseberry, vice-president and manager (retired) of the trust department, Security First National Bank, Los Angeles



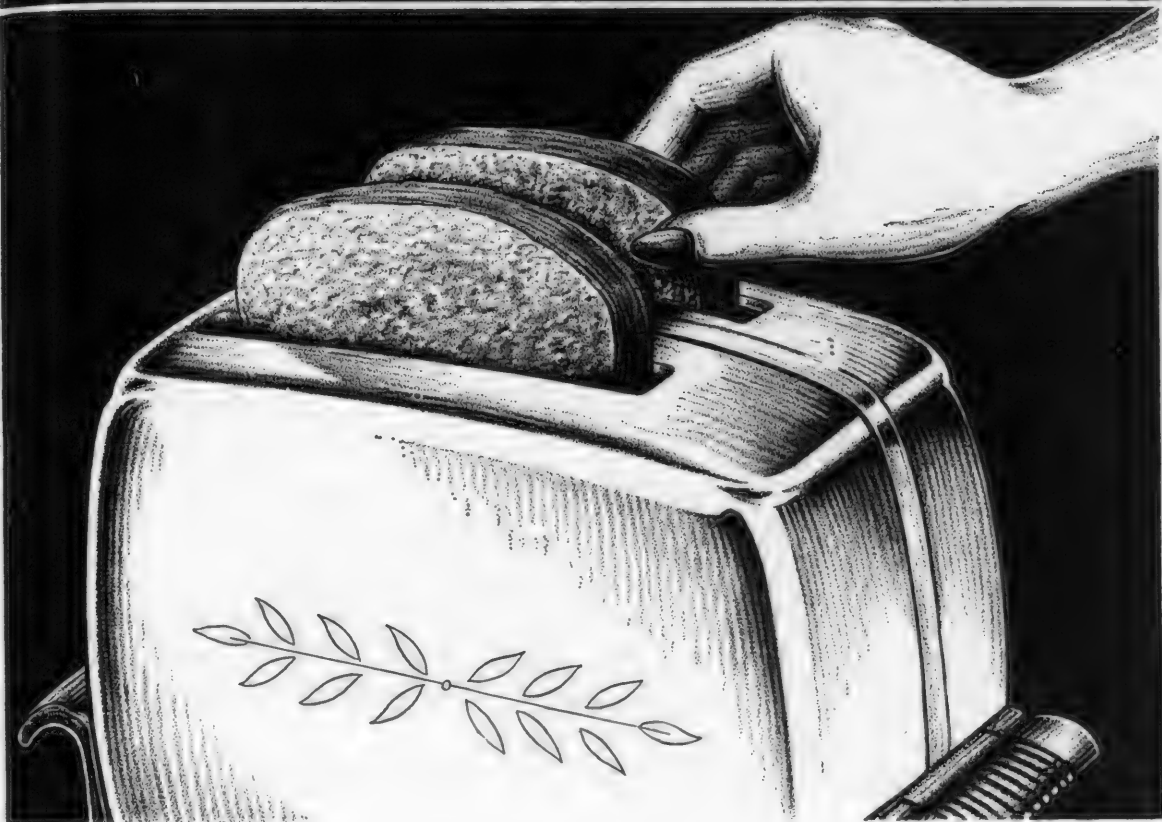
DESERET NEWS

Below, left to right, Merle E. Selezman, secretary of the American Bankers Association and deputy manager in charge of the Trust Division; H. M. Bardt, Trust Division president and vice-president and senior trust officer, Bank of America N. T. & S. A., San Francisco; and W. J. Fitzpatrick, conference committee general chairman and trust officer, Walker Bank and Trust Company, Salt Lake City



SALT LAKE TRIBUNE

SPECIALIZATION DEVELOPS SUPERIORITY



You *could* make toast in the oven, or over an open flame — but an electric toaster gets better results because it's specially designed for the purpose.

Likewise, there are many sources of insurance for Consumer Credit, but more than 2,000 institutions have found that they get better results by working with Old Republic, which specializes in Consumer Credit Insurance.

From coast to coast and border to border, including D. C. and

Hawaii, Old Republic serves banks, savings and loan associations, finance companies and small-loan companies.

If you extend consumer credit in any form, you'll find important advantages in our specialized forms of coverage. On request, we are always glad to send you specimen policies with complete information.

OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY

James H. Jarrell, President

Home Office: Chicago, Illinois

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Old Republic policies include:

LIFE COVERAGE — either Monthly-Decreasing or Level-Term Basis.

ACCIDENT & HEALTH — which is often combined with Life coverage to make a complete insurance package.

HOME GUARD INSURANCE — covering mortgage loans with life protection at low cost.

TRAVEL-ACCIDENT INSURANCE — including medical and hospital coverage for private-auto travel.

OLD REPUBLIC

SPECIALIZED INSURANCE SERVICE SAFEGUARDING CONSUMER CREDIT

Two Small Business Aid Folders Issued by Credit Commission

Folders Are Designed for Bank Signature

Two new folders designed for distribution to bank customers have been issued by the Small Business Credit Commission of the American Bankers Association and sample copies sent to member banks. These folders, the first in a series of companion pieces, are a continuation of the small business aids program of the Commission. They are entitled "How to Apply for a Business Loan" and "How to Modernize Your Store."

"How to Apply for a Business Loan" covers briefly the requirements to be met by a businessman applying for credit at his local bank and gives many suggestions which will prove useful not only to the businessman but also to the bank where the loan is being made.

Store Modernization

"How to Modernize Your Store" explains that store modernization seeks to improve physical appearance, utilize space more effectively, achieve a maximum efficiency of operation, increase the value of merchandise display, and give customers more convenience and more comfort.

The folders are arranged so that they may be used by individual banks and imprinted with the bank's name and address.

Small Business Aids



Cover page of the Small Business Credit Commission's new business aid booklet on bank loans

A.B.A. School Saver Enters Third Year

(CONTINUED FROM PAGE 82)

2,500,000 school savings accounts amounting to approximately \$45-million.

The *School Saver* is an attractive four-page newspaper which is imprinted with the name of the issuing bank. Last year, among the banks which carried on the school savings activities, 85 banks distributed the *School Saver* among their pupil customers; and the total distribution was 360,000 copies. Prepublication subscriptions exceed those of last season, indicating that there will be a substantial *Saver* distribution increase this year.

Uniform Commercial Code Authors Want Banker Suggestions

Code Simplifies Legal Rules Affecting Banks

Recent publicity has focused the spotlight on progress made on the Uniform Commercial Code, which covers many phases of commercial law and would streamline the legal rules governing the conduct of American business. Statutes affected by the code include those pertaining to sales, negotiable instruments, bank collections, letters of credit, bills of lading, warehouse receipts, chattel mortgages, conditional sales, pledges, including pledges of accounts receivable, and investment securities.

The Uniform Commercial Code is a joint project of the National Conference of Commissioners on Uniform State Laws and the American Law Institute. It is financed primarily by the Falk Foundation although banks and other business institutions have participated in this project. Banks are vitally concerned with this monumental undertaking, because it will affect many of their day-to-day practices.

Although the working schedule contemplates the completion of the code by January 1, 1950, it is unlikely that it will be in final form by that time. The sponsors of the code will welcome suggestions from banks, state bankers associations, and the American Bankers Association relative to any

Blanket Bond Coverage- Dishonesty Loss Study

(CONTINUED FROM PAGE 82)

tabulated according to deposit size and include information on the following points:

Number of banks carrying blanket bonds; average coverage per bank; maximum coverage per bank; minimum coverage per bank; A.B.A. suggested amount of coverage; number of banks *within* suggested amounts; number of banks carrying *less*; number of banks carrying *more*; annual cost of suggested coverage on Form 24 with misplacement up to \$25,000 (estimated for small banks only); and dishonesty losses.

The Insurance and Protective Committee's tables of suggested amounts of fidelity coverage for banks of different sizes were developed several years ago and this current study will be used to test its own measurements and will be of assistance to banks in appraising their blanket bond coverage in the light of post-war loss experience.

Banks will also be able to compare their fidelity insurance coverage and dishonesty losses with the average for other banks in their deposit-size grouping.

When the tabulation of this study is completed, it will be made available to A.B.A. member banks.

phases of the code in which they have a special interest.

It is available from the American Law Institute, 133 South 36th Street, Philadelphia 4, Pennsylvania.

CALENDAR

American Bankers Association

- | | |
|------------|--|
| Oct. 30- | |
| Nov. 2 | Annual Convention, San Francisco, Calif. |
| Dec. 1-2 | Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill. |
| | 1950 |
| Jan. 23-25 | National Credit Conference, Sherman Hotel, Chicago, Ill. |

State Associations

- | | |
|------------|---|
| Oct. 9-11 | Kentucky, Brown Hotel, Louisville |
| Oct. 11-12 | Nebraska, Cornhusker Hotel, Lincoln |
| Oct. 16-17 | Savings Banks Association of Connecticut, Mountain View House, Whitefield, N. H. |
| Oct. 17-19 | Iowa, Hotel Fort Des Moines, Des Moines |
| Oct. 21-26 | Savings Banks Association of the State of New York, Cruise, S.S. <i>Nieuw Amsterdam</i> to Nassau |
| Nov. 2-3 | Western States Secretaries Conference, Fairmont Hotel, San Francisco |

- | | |
|----------|---|
| Nov. 8-9 | Arizona, Camelback Inn, Phoenix |
| Dec. 8-9 | Southern States Secretaries Conference, Brown Hotel, Louisville |

1950

- | | |
|----------|--|
| Jan. 5-6 | Eastern States Secretaries Conference, Commodore Hotel, New York |
|----------|--|

Other Organizations

- | | |
|------------|---|
| Oct. 19-22 | Financial Public Relations Association, Edgewater Beach Hotel, Chicago, Ill. |
| Oct. 23-26 | National Association of Bank Auditors and Comptrollers, Bellevue-Stratford Hotel, Philadelphia, Pa. |
| Oct. 25-28 | National Association of Supervisors of State Banks, Reno, Nev. |
| Oct. 27-29 | Association of Bank Women, San Francisco, Calif. |
| Oct. 31- | |
| Nov. 2 | National Foreign Trade Council, Waldorf-Astoria, New York, N. Y. |

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**...Get 500 to 1500 sets
from one loading of
carbon paper...with the**

NEW UNDERWOOD *All Electric* **FANFOLD WRITING MACHINE**

Apply production-line speed and economy to all of your multi-copy forms . . . right in your own office . . . with the new Underwood All Electric Fanfold Writing Machine.

You'll find this modern machine saves you time and money all along the line.

First, it eliminates non-productive operations. One loading of Continuous Multi-Copy Forms and Continuous Carbon Paper in rolls or long sheets lasts for many days. The forms and carbon paper, in perfect alignment, are always in the machine ready for instant use, thus making possible uninterrupted typing without the usual non-productive operations required when using loose forms.

Next, substantial savings in the consumption and cost of carbon paper are effected. The carbon paper, either in long sheets or in rolls, is used again and again for many sets of forms until it has served its full utility. Thus, carbon paper costs are frequently cut in half.

Finally, the new Underwood All Electric Fanfold Writing Machine has been especially designed for

multi-copy work. It incorporates every feature essential to maximum operating simplicity and speed, including Underwood's renowned ALL ELECTRIC KEYBOARD.

Just ask your nearest Underwood representative to prove how this machine will pay for itself in a matter of months. Or, fill in and mail the coupon for complete descriptive folder *today!*

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Accounting Machines . . . Typewriters . . .
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Please send me new Underwood *All Electric*
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SCENES AT PREVIOUS CONVENTION DISPLAYS

The Modern Age in Banking



SCENES AT PREVIOUS CONVENTION DISPLAYS

Facts on the Equipment and Service Display at San Francisco

BANKING's photographic exhibit of modern bank quarters, to be displayed in *Room A of the Palace Hotel*, contains more than 750 photographs of recently completed new or remodeled institutions.

These photographs have been assembled from all the sections of the country and represent all styles and types of bank architecture. Many sets show "before and after" remodeling views, indicating what can be done under various circumstances to improve appearances and service.

In addition to a set of panels containing some 450 bank building views, which is available on a schedule for state bankers association conventions and group meetings, BANKING has initiated an album service which may be borrowed for short periods by member banks. Each album contains 50 choice views on almost any phase of the bank building problem.

BANKING has also produced a film record of its entire photographic library on bank buildings. Prints of this 35 mm film containing some 1,200 views of new and remodeled banks will soon be available for loan to member banks on a rental basis.

A.B.A. SMALL BUSINESS DISPLAY (*Palace Hotel, Room A*) will be

an exhibit of the Small Business Credit Commission showing an actual lending library of small business aids which can be used in lobbies of banks. It will include, also, pictures and material on bank-sponsored conferences for small business.

ABBOTT COIN COUNTER COMPANY (*Palace Hotel, Booth 17*) will present two new electric money counting machines, equipped with automatic feed hoppers, foot treadles and crimpers. They are set up on a tubular steel stand with casters.

Abbott will also display a full line of bank and tellers' equipment, featuring new aluminum currency trays with covers, and a light weight, hammered aluminum finish cash box.

BANKERS DEVELOPMENT CORPORATION (*Palace Hotel, Booth 2*) will exhibit its new "ThriftyMatic" check imprinter, which is related to "Thrifitcheck," a low-cost special checking account plan. This service, backed by 10 years' experience with on-the-premises check imprinting will demonstrate the great versatility and simplicity of operation of the new "ThriftyMatic" machine. Features include choice of three imprint positions as well as automatic feed and power operation.

BRANDT AUTOMATIC CASHIER COMPANY (*Palace Hotel, Booth 1*)—Organized in 1890 primarily to supply banks with the Brandt automatic cashier, the Brandt Automatic Cashier Company has substantially broadened its line and its field. Improved Brandt machines of all types will be in a display which will feature Brandt automatic cashiers (coin paying machines), Brandt coin counters and packagers and the Brandt coin sorter and counter. Brandt coin storage trays and Brandt coin wrappers and bill straps will also be shown.

DeLUXE CHECK PRINTERS, INC., (*Palace Hotel, Booths 15-16*) will feature the "check desk" in its display. DeLuxe is of the opinion that, if banks would concentrate checks at one point in the bank, the employee in charge of the check desk would sell more checks than would be given away, thus reducing the bank's net check expense.

DICTOGRAPH PRODUCTS, INC., (*Palace Hotel, Booth 4*) will exhibit its new bookkeeper-to-teller account verification system, which incorporates a novel method of transmitting okay and reject information from the bookkeeping department directly to the teller's window.

Also in the display will be the Dictograph specialized bank interior telephone system for communication between important points within the banking organization.

DOUGLAS-GUARDIAN WAREHOUSE CORPORATION (*Palace Hotel, Booth 10*)—As "The Bankers' Field Warehouse Company," Douglas-Guardian will set up an information booth on the company's nationwide service. A free booklet, *Profits on Your Premises, What Field Warehousing Can Do For You*—a nontechnical informative digest for general distribution—and a new booklet, *Our Story Has Three Sides*, will be available. Quantities may be ordered for distribution to bank customers and prospects without charge.

THOMAS A. EDISON, INC.—EDIPHONE DIVISION—(*Palace Hotel, Booth 18*) will present its complete line of disc and cylinder electronic dictating equipment embodying "ear-tuned jewel-action." Highlight of the exhibit will be the disc Edison "Voicewriter," enclosed in clear plastic, exposing the inside performance in action.

M. A. GERETT CORPORATION (*Palace Hotel, Booth 3*) will have on display several hundred calendar-banks, individually designed for many leading banking institutions throughout the country. The use of this device, according to the manufacturer, has resulted in increased savings accounts, personal and consumer loans, savings bank life insurance, and in other departmental business.

HERRING-HALL-MARVIN SAFE COMPANY (*Palace Hotel, Booths 8 and 9*) will display several new units for modern banks. The company will show a projected type drive-in window and also the new rotary night depository unit. The company will also display its new rotary record file.

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA (*Palace Hotel, Booth 5*) will feature the distribution of a novel automatic calculator, which tells at a glance how much bankers' blanket bond insurance should be carried by a bank, and also permits the calculation of elapsed days from any starting date up to and including the termination date.

METAL PRODUCTS ENGINEERING, INC., (*Palace Hotel, Booth 27*)

plans to feature its new coin changer, both the senior model, which includes the dollar slot, and the junior model, which eliminates it. The company will also display its aluminum clip boards and metal clips.

THE MONROE CALCULATING MACHINE COMPANY (*Palace Hotel, Booths 6 and 7*) will feature a new development in machines for posting savings passbooks at the window. Two commercial posting machines featuring proof pay will also be displayed, as well as the Monro-Matic, Monroe's fully automatic calculator.

The new "400" series Monroe adding machine, on which "Rhythm-Add" was developed, will be demonstrated on request.

THE MOSLER SAFE COMPANY (*Palace Hotel, Booth 26; St. Francis Hotel, Booth 1*) will display drive-in windows, night depositories, safe deposit boxes, insulated products for record protection, counter cash equipment and the curb teller ("snorkel").

THE NATIONAL CASH REGISTER COMPANY (*Palace Hotel, Booths 11-14; St. Francis Hotel, Booth 4*) will display a complete line of bank accounting machines at the Palace Hotel, which will include the company's new and improved central control and proof machine. This machine was just recently announced.

RAND McNALLY & COMPANY (*Palace Hotel, Booth 25*) will bring to

the San Francisco Convention the 147th edition of its Bankers Directory, the "Blue Book." The new edition will contain not only the latest information on all banks in the United States, Canada and Mexico, but also a greatly enlarged foreign section of practical value to the banks participating in our ever increasing foreign trade. The A.B.A. *Key Book* will also be shown, and representatives of the Rand McNally Systems Division will be on hand to discuss with bankers the most efficient and economical method of operating Christmas, vacation and tax clubs. The special convention issue of *Bankers Monthly* will be available for those who desire an additional copy of its travel coverage of the West.

REMINGTON RAND, INC., (*Palace Hotel, Booths 19-23*) will show for the first time its "revolutionary departure in office efficiency"—push button, mechanized record keeping—an electrically operated unit called "Robot-Kardex," which offers all the advantages of the "Kardex" visible records in a combination desk and cabinet which selects the desired record instantly and delivers it on a firm writing surface at desk height.

Also on display will be samples of several types of credit file folders used by leading banks, including some on the Pacific Coast. Systems for economical control of customer information file, safe deposit, signature, mortgage, and personal loan collection systems will also be on display. A completely new visible system of personnel administra-

Dividend day at the Bowery Savings Bank, New York, in the 1870s, when the American Bankers Association was coming into being





The mechanism of a bank vault door at the turn of the century, when bank clerks, first in Minneapolis, then elsewhere, were organizing themselves into adult study groups, shortly to be known as the American Institute of Banking. The 50th anniversary year of the A.I.B. is being celebrated now. (See page 33.)

tion records, especially developed for use by banks, will be shown.

Record filing units which provide certified fire protection at point-of-use will be demonstrated.

A. RIFKIN & COMPANY (*Palace Hotel, Booth 24*) will show a brand new idea in night depository bags, which are tamper proof and specially designed for long service and ease of operation, besides safety and general convenience.

In addition, the "Rifkin Safety Sac," with patented "Arcolock," will be on display, as well as many innovations in draw string bags, zipper top coin bags and wallets.

BANTHRICO INDUSTRIES INC., (*St. Francis Hotel, Booth 9*), one of the oldest and most widely known manufacturers of coin banks for the exclusive use of banking institutions, will exhibit its 1950 line of thrift devices. Such favorites as the "Chromeliner," an automatic calendar bank, and the familiar all-metal piggy bank will be shown along with many others. A catalog featuring the complete new line will be available to all visitors.

On display, also, will be Banthrico's "Lustercraft" nameplates and directional markers.

BETTER HOMES & GARDENS (*St. Francis Hotel, Booth 2*)—Home planning materials and promotional aids furnished to banks cooperating with *Better Homes & Gardens'* home planning service program for financial institutions will be displayed by the magazine. The program is designed as a complete package to help banks attract better mortgage risks, at the same time providing an invaluable service for home building families and for the community. It is built around *Better Homes & Gardens'* "Five Star Home Plan Service," a regular service feature of the magazine.

BURROUGHS ADDING MACHINE COMPANY (*St. Francis Hotel, Booths 12-15*) will show a complete line of business machines for banking.

Bank bookkeeping and accounting machines, new adding and listing machines and calculators, and Burroughs' complete line of microfilm equipment will be among the many representative machine models to be displayed, along with the Burroughs line of office and executive chairs.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND (*St. Francis Hotel, Booth 5*) and its affiliate, the American Bonding Company of Balti-

more, will have a corps of representatives available for consultation on bonding and insurance problems and the various services rendered by the two companies. This exhibitor will distribute handy pocket-size convention notebooks for memoranda.

FINANCIAL DISPLAYS (*St. Francis Hotel, Booth 10*)—This Chicago organization is the nation's oldest and largest producers of bank window and lobby posters.

Features of Financial Displays' service are: (1) Posters are custom-built in any size or shape to fit any space available for display purposes; (2) each client is given his choice of illustrations from a large library of genuine photographs; (3) skilled artists are employed to do the hand lettering—after the advertising copy has been approved by the bank.

INTERNATIONAL BUSINESS MACHINES CORPORATION (*St. Francis Hotel, Booths 17-19*)—A complete line of equipment for accounting, check processing, time recording, indicating and signaling, and typing are to be exhibited by IBM.

Among the machines to be demonstrated is the new IBM proof machine, which consolidates the four principal functions of check sorting, listing, proving and endorsing into one simple operation.

Also demonstrated will be several models in IBM's line of electric punched card accounting machines. This equipment prepares accounting and statistical records and reports of all types from information punched in IBM cards.

An important part of IBM's accounting procedures is the IBM check, used for a variety of types of check disbursements.

A means of coordinating bank activities and conserving time is provided by IBM electric clock, time recording and time signaling systems.

IBM electric typewriters and electric executive typewriters will also be shown.

LeFEBURE CORPORATION (*St. Francis Hotel, Booth 16*) will show how the machine bookkeeping departments of banks and other businesses can handle more accounts in exactly the same space and fewer working hours. The custom-built equipment displayed will include the machine bookkeeping desk, "Hi-Lo" reference and posting stand, "Speed King" tray binders and check sorter.

The 10-drawer double capacity check file will also be shown.

MERRILL LYNCH, PIERCE, FENNER & BEANE (*St. Francis Hotel, Booth 3*) will have a New York Stock Exchange ticker and a Merrill Lynch financial and commodity news wire available for delegates. Security and commodity orders, both personal and institutional, may be placed directly with the Merrill Lynch booth, which will be staffed by representatives from Merrill Lynch's San Francisco office. Merrill Lynch will also have for distribution to convention delegates copies of current booklets on security investment and commodity trading.

R. L. POLK & COMPANY (Bank Directory Division) (*St. Francis Hotel, Booth 20*) bases its exhibit on the extensive use of its directory. Illuminated miniature banks erected on a large map of the United States will exemplify how *Polk's Bankers Encyclopedia* is in continuous use in everyday banking needs. The September 1949 issue, the 110th edition, will be on display. The Polk Company will again distribute carnations to delegates visiting their booth, and will provide a different color of flower for each day of the convention.

RECORDAK CORPORATION (*St. Francis Hotel, Booths 6-8*), subsidiary of Eastman Kodak Company, will exhibit a complete line of microfilming equipment to meet every banking requirement, large or small.

Featured will be the latest models—the Recordak "Duplex Microfilmer" for large volume check operations, and the Recordak "Triplex Microfilmer."

Included also will be the Recordak "Junior Microfilmer," a combination photographing and film reading unit for community banks; the Recordak "Commercial Microfilmer" for the medium-sized bank, and a film reader with several new features and increased magnification for use in conjunction

with the Recordak "Duplex" and "Triplex Microfilmers."

TODD COMPANY, INC., (*St. Francis Hotel, Booth 11*).—Major interest will be focused on two new products, the Todd "Imprinter" and the Todd "Protectograph Certifier."

The imprinter has been installed in banks in every section of the country and used with signal success in speeding up sorting and posting, eliminating errors in those functions, improving customer relations and producing new business.

The certifier, to be unveiled for the

first time at this convention, has been designed especially to meet the need for a uniform certification impression meeting A.B.A. specifications as outlined on several occasions in the *Protective Bulletin*.

BANKERS UTILITIES COMPANY, INC. (*Palace Hotel, Booth 31 in Room A*) will show a variety of coin banks. A "visible, plastic recording bank" shows what coins have been deposited. Varied sizes of "book banks" will be shown, as well as the "Add-O-Bank", which has a built-in recording device to register each deposit.



Round the World-Round the Clock Transit Service

Corn Exchange (in Philadelphia) specializes in rapid handling of transit and collection items... Our 24-hour "round-the-clock" service includes air mail dispatch to our correspondents in all principal cities of the United States and throughout the world.



CORN EXCHANGE
NATIONAL BANK AND TRUST COMPANY
Established 1858
PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

It used to be the woman who paid and paid, but now she's rarely home when the instalment collector calls.

The trend in farming is to fewer horses and more horsepower.

Young people who get married now go on a moneymoon trip.

Food prices have certainly put the budge in the budget.

METHODS and IDEAS

(CONTINUED FROM PAGE 39)

featured textbooks, catalogues, diplomas, photographs, and other material pertaining to the courses of the American Institute of Banking, the Graduate School of Banking conducted by the American Bankers Association at Rutgers University and the Wisconsin university program.

The legend describing the exhibit said: "We thought Marshall & Ilsley customers and friends might like to know something of the educational preparation our employees and officers have, or are receiving year by year, in order to serve you more competently. You will readily see that a great amount of time, effort, and money is spent in providing and accepting these educational opportunities in financial education in order that we may be prepared to serve well in the jobs occupied and to keep abreast of modern banking trends and economics."

Certificates issued for completion of the courses were shown, and the requirements for each were listed.

"It was our thought," Assistant Vice-president G. M. Jacobs told BANKING, "that not only should the public be informed regarding the amount of training that bank officers and employees are constantly seeking in order to serve the needs of the community, but that it would also at this time encourage the employees of the bank to attend courses in the A.I.B., since this training has real significance both in and outside the bank."

Camera Salon

The BANK OF HAMPTON ROADS, Hampton, Virginia (Wythe Branch), held a photo print contest which was so successful that the bank plans to make it an annual event.

"Noting a number of people coming into the bank with cameras," Vice-president Paul Webb tells BANKING, "and also the activity in the James River Camera Club, we approached the club with the idea of having a photographic salon contest for the organization. This suggestion met with great enthusiasm, and the contest was held at our Wythe Branch.

"Over 50 salon prints of the highest calibre were entered. The judges chose 40 to be hung. To make the contest more interesting, subject matter was limited to marine subjects, and the judges were Thomas Skinner, well known marine artist; the commodore



E. J. Gerlach, assistant cashier of the Marshall & Ilsley Bank, Milwaukee, looks at the certificate he obtained at the University of Wisconsin School of Banking. With him is Assistant Vice-president Gertrude M. Jacobs. In the show case is the display of educational material, including certificates of The Graduate School of Banking and the A.I.B.

of the local yacht club; and a photographer of this section.

"Approximately 50 people attended the judging. The prints remained on exhibition for two weeks, receiving much favorable comment from our customers and inducing many people who were not customers of ours to come to the bank and see the pictures."

Brooklyn Mutuals Aid Home for Blind

The mutual savings banks of Brooklyn, New York, are exhibiting, in turn, a display that attempts to place the sighted person behind a blind man's eyes.

Created by the Brooklyn Industrial Home for the Blind, the display presents the visual experience of people who, though not totally sightless, have

only a distorted vestige of vision. It shows a man with normal sight doing routine things: shaving, eating breakfast, walking down the street, boarding a bus. In contrast, the exhibit demonstrates what the person with serious defects of vision sees when he performs the same acts. Emphasis is on the difficulties encountered by the blind.

The display was first shown by the SOUTH BROOKLYN SAVINGS BANK. It will move to other mutuals in various sections of the borough for a month's stay at each.

The exhibit's purpose is to interest Brooklynites in the problem of rehabilitating the borough's blind.

Public Relations Award

BANK OF AMERICA recently received from the American Public Relations Association (Southern California Forge) a special award in recognition of outstanding performance in that field. At a joint meeting of A.P.R.A. members and the Advertising Club of Los Angeles an engrossed certificate of merit was presented to A. J. Gock, chairman of the bank's board, by JOHN MARSCHALK, president of the association's local group. The bank was especially commended for its motion picture, "The New California," made by "The March of Time." In accepting the award Mr. Gock said Bank of America had long recognized that "our public relations should be carried on not only for ourselves, but on behalf of the State of California, the West, and the nation." This approach, he observed, "has been a frame of mind rather than a campaign, and we sincerely believe that as an increasing number of firms and individuals adopt this objective in their public relations thinking, a steadily increasing harvest of public recognition and economic well-being will accrue to all of us in America."

(CONTINUED ON PAGE 92)

Vice-president Paul Webb of the Bank of Hampton Roads distributes prizes (cash and Savings Bonds) to the camera salon winners





CHRISTMAS CLUB SAVING INSPIRES BANKER'S CONFIDENCE

Writes Mrs. W. E. Long, Syracuse, Indiana: "As a girl I had a small Christmas Club account. My banker was so impressed with my ambition and determination to open a gift shop that he loaned me \$750.00 to start my business. I was successful and paid my loan back sooner than either he or I had thought possible. Some small real estate investments, also on advice from my bank, were successful. Needless to say, my Christmas Club deposits have increased in ratio to my earnings."

CHRISTMAS CLUB DEVELOPED THRIFT HABIT

Writes Clifton R. MacLean, Boston, Massachusetts: "When I was a boy, my father insisted that I deposit \$1.00 of my weekly vacation earnings in a Christmas Club account. This habit continued through the years and my weekly deposits have increased along with my earnings. Christmas Club helped me purchase a substantial amount of life insurance and a little Cape Cod home. Today my Christmas Club pays the taxes on my home and makes other worthwhile investments possible."



CHRISTMAS CLUB A FAMILY PROJECT

Writes Miss Alvina Bartos, Shamokin, Pennsylvania: "Ever since I was a child I wanted to be a dietitian, but financial difficulties at home seemed to make a college course impossible. Upon graduation from high school, to my surprise and joy, Mother presented me with \$1,000 which she had saved over a period of ten years through Christmas Club. This enabled me to enter Pennsylvania State College, and each member of my family is now saving with Christmas Club to help me continue my studies."



CHRISTMAS CLUB HABIT OF THRIFT DEVELOPS BANK CUSTOMERS

- The people pictured here, and thousands like them all over the country, developed the habit of thrift at an early age thanks to Christmas Club's human relations program.
- Early in life, they learned the value of systematic saving through weekly visits to their banks. They came to know their bankers as friends in need and partners in helping them achieve their lifelong ambitions. They also developed a realistic understanding of banking functions through their own practical experience.
- Christmas Club brings thrift-conscious people to your bank so that you can give them sympathetic advice and introduce them to the many other services you offer, which help them to buy homes, complete college courses and achieve the important goals in life.
- Christmas Club is teaching more than ten million Americans the habit of thrift. Through its human relations program, it is constantly building new business for banks from coast to coast—Banks that have Christmas Club are Banks that grow.

CHRISTMAS • CLUB

DISPLAY THIS ORIGINAL
CHRISTMAS CLUB EMBLEM



a corporation

FOUNDED BY HERBERT F. RAWL

341 MADISON AVENUE, NEW YORK 17

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

Strengthen Your Doubtful Risks With Lawrence Receipts

JUDGED by its prevailing risk criterion, a bank's portfolio contains many loans on open account which may well be placed on a secured basis.

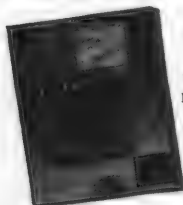
Lawrence warehouse receipts, issued on the borrower's inventory, will protect the lender with fundamentally sound collateral.

New "Small Business" Department now extends Lawrence service to inventories valued as low as \$5,000.

Lawrence warehouse receipts are supported by the strongest financial statement in the field warehouse industry. Lawrence has always discharged, in full, its liability to all holders of Lawrence Warehouse receipts.

Lending institutions have profited with Lawrence field warehousing in dealing with more than 20,000 business firms, over a period of 35 years.

Booklet Gives Field Warehouse Facts



Tells how Lawrence field warehousing makes secured credit possible for accounts in your portfolio. Write for free copy, "Borrowing on Inventory."

LAWRENCE WAREHOUSE COMPANY

Nationwide Field Warehousing
DIVISION OFFICES:

SAN FRANCISCO 11, CALIF. NEW YORK 5, N. Y.
37 Drumm St. 72 Wall St.

CHICAGO 2, ILL.
100 N. La Salle St.

Los Angeles • Boston • Philadelphia • Pittsburgh
Buffalo • Cleveland • Cincinnati • Kansas City
St. Louis • Atlanta • Des Moines • Charlotte
New Orleans • Houston • Dallas • Denver • Phoenix
Portland • Seattle • Spokane • Stockton • Fresno
Washington, D. C. • Manila, P. I.

(CONTINUED FROM PAGE 90)

Bank Helps Quads.

Remember the Collins Quads, the four babies born last spring to Mr. and Mrs. Charles Collins of New York? The city, you may recall, couldn't do enough for them; its gifts included a house and lot in the Riverdale section.

Well, the prides of the Bronx are assured of the title to the ground on which their new home is rising, for the TITLE GUARANTEE AND TRUST COMPANY of New York has given Pop Collins a free title insurance policy to the site. The presentation was made to Mr. Collins by Barnard Townsend, president of the bank, at the main office. Taking part in the ceremony was HERMAN J. WOHNHAAS, assistant vice-president in charge of the main office, who contributed the idea for the bank's gift.

Said Mr. WOHNHAAS: "Charley will have four times as many problems as most parents—without worrying about knotty little things like title to his property."

Community Bulletin Board

CALIFORNIA BANK's Hollywood office is giving pictorial recognition to personalities, products, and landmarks of the film capital.

Each week, on a display board in its lobby, the bank shows close to the news photographs. Also it offers a picture of a year-old boy who will be shown each week in the process of "growing up with California Bank."

Included in the first display were photos of the Jimmy Stewart-Gloria McLean wedding, the Los Angeles



Barnard Townsend, left, president of the Title Guarantee & Trust Company of New York, presents a free title insurance policy on the homestead of the Collins quadruplets to Charles Collins, the babies' father

Rams football squad, and Shirley Temple and Cary Grant in a broadcast.

In Brief . . .

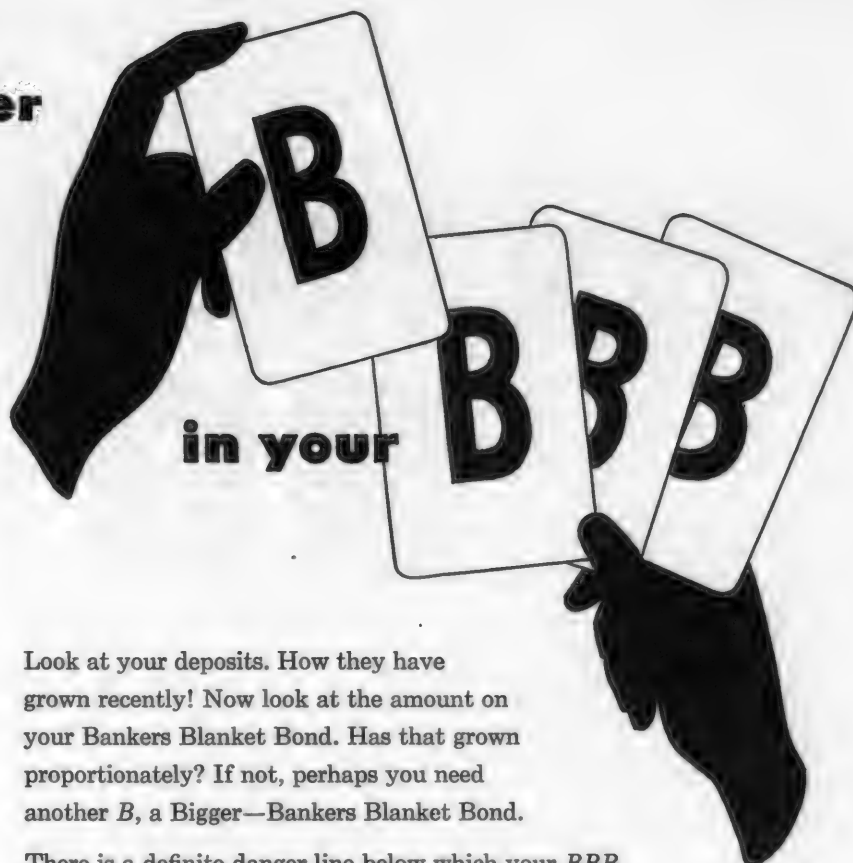
A large window display showing many of the services, products, and facilities of a leading petroleum company attracted attention at the Avenue of the Americas office of the COLONIAL TRUST COMPANY of New York.

THE BANK OF ERIE, at Erie, Pennsylvania, promoted its new drive-in window and parking lot at a booth display at the Wattsburg Fair early in September. The exhibit demonstrated bank operations.

A New York City bank which frequently exhibits industrial products in its window recently showed this Santa Claus head as "a revolutionary development in the display industry." A sign pointed out that Santa's head appears to move: "He looks directly at you from every angle and seems to follow you everywhere . . ."



Put another



in your

Look at your deposits. How they have grown recently! Now look at the amount on your Bankers Blanket Bond. Has that grown proportionately? If not, perhaps you need another *B*, a Bigger—Bankers Blanket Bond.

There is a definite danger line below which your *BBB* should not remain. To make it easy for you to discover exactly how much protection your bank needs with relation to total deposits, Indemnity Insurance Company of North America has devised a Bankers Automatic Calculator. A turn of the wheel, a twist of the wrist, and you know how much is "minimum"—how much is "fair" for your bank.

SEE OUR EXHIBIT AT THE A. B. A. CONVENTION, SAN FRANCISCO, OCTOBER 30 TO NOVEMBER 2. BOOTH 5, PALACE HOTEL



INDEMNITY
INSURANCE COMPANY OF
NORTH AMERICA
Philadelphia

This handy calculator also helps you to figure the exact elapsed time from any starting date up to and including the termination date within a calendar year, a convenient way to speed up the calculation of interest. Any Agent of Indemnity Insurance Company of North America will be glad to give you one.



Hanes ECA Director for Germany

ROBERT M. HANES, president of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, and former president of the American Bankers Association, is now Director of Economic Affairs for Germany and chief of the Economic Cooperation Administration at Frankfurt.

Mr. HANES, who had been head of the Marshall Plan mission to Belgium and Luxembourg since last April, took over the two important German posts from Norman H. Collisson. The banker, on a year's leave of absence from his duties as head of the Wachovia, made his headquarters in Brussels during his former foreign service. His successor in the Belgium-Luxembourg position is John Nuveen, Jr., formerly head of the ECA mission to Greece.

W. M. Davis President of Hibernia

WALLACE M. DAVIS, for the past 30 years with the Citizens Fidelity Bank and Trust Company of Louisville, has been elected president of The Hibernia National Bank in New Orleans, succeeding the late A. P. IMAHORN.

Mr. DAVIS began his banking career



R. M. Hanes



W. M. Davis

with the Citizens and worked his way to the executive vice-presidency, the position he held at the time of his recent resignation. He is a director of the Louisville branch of the Federal Reserve Bank of St. Louis, and a member, former director and former treasurer of the Association of Reserve City Bankers.

Country Banker Trefz

A RECENT issue of *Harvester World*, published by International Harvester, contained a feature article on RICHARD W. TREFZ, president of the Beatrice (Nebraska) State Bank, and chairman of the Country Bank Operations Commission, American Bankers Association.

Entitled "Country Banker," the story, by John Lewis Stage, says DICK TREFZ believes his bank "is manufacturing good, solid, middle-class capitalists by extending to many small people

the opportunity to start their own businesses, equip their farms, and expand their sources of income which will consequently increase their profits."

Today's progressive country banker, personified by this nationally known Nebraskan, "is not satisfied to sit in his office and mark down loans and payments," Mr. Stage writes. "He is out to give service to his customers. He not only provides capital for money-making ventures, but he provides the advice of experts, information on new scientific developments, and a payment plan tailored to fit the seasonal fluctuations of the borrower's income."

Banker on Peru Mission

MALCOLM BRYAN, vice-chairman of the Trust Company of Georgia, Atlanta, was one of the financial, business and governmental experts who studied the economic, fiscal, monetary, and administrative systems of Peru during the latter part of the past summer.

Mr. BRYAN, senior member of the mission for banking, currency and related problems, has been borrowed several times by the United States Government to work on tax and monetary projects. He was a technical adviser to the American delegation at the Bretton Woods Conference of 1944 and later served as secretary to the conference committee on organization and management of the Monetary Fund.

A former first vice-president of the Federal Reserve Bank of Atlanta, where he was in charge of the research department, Mr. BRYAN has also been on the faculties of the University of Georgia and the University of Chicago. In 1934 he was on the Treasury's Special Commission on Banking and Taxation and later became a member of the then Monetary Theory Section of the Board of Governors of the Federal Reserve System.

Long interested in the economic development of the South, he helped

(CONTINUED ON PAGE 96)



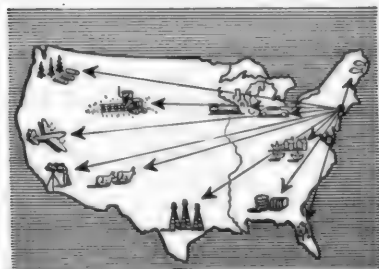
Auditor S. M. Smith of Tulsa receipts for a check from President A. E. Bradshaw, National Bank of Tulsa, for purchase of local bonds. L. to r.: Smith, NBT Vice-president Broach, Utility Board Attorney Widdows; City Treasurer Pratt; Mayor Lundy; and Mr. Bradshaw

Speed

AN OUTSTANDING FEATURE OF CHASE MONEY TRANSFERS



The rapid transmission of funds so vital to American commerce and industry largely depends on three basic factors—an efficient organization, modern methods of communication and broad nationwide coverage.



When a transfer order is placed with Chase, it is processed immediately by a staff of specialists and sped to its destination via telegraph, teletype or telephone. An important and flexible link in this efficient transfer system is our network of correspondent bank relationships which enables us to direct transfer orders to designated points throughout the nation.



*Banks can broaden
their services to customers
by using Chase facilities.*

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

HEAD OFFICE: Pine Street corner of Nassau

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(CONTINUED FROM PAGE 94)
found the Southern Economic Association and was its president in 1942. At the bank he supervises development of information important to southern business and industry.

The recent mission to Peru, headed by Dr. JULIUS KLEIN, was organized by that country's government.

Professors Study Central Banking

ELEVEN professors of economics and money and banking from colleges in the Ninth Federal Reserve District

recently took a short course in the practical application of central banking theory.

As guests of the Federal Reserve System the teachers spent two days each at the Federal Reserve banks of Minneapolis and New York and at headquarters of the System's Board of Governors in Washington, D. C. At Minneapolis the professors, chosen from 40 applicants, studied the services of the Reserve banks to members, at the New York institution they went behind the scenes of open market operations and the handling of foreign accounts, while in Washington they noted opera-

tions of the Interdistrict Settlement Fund and other functions of the Board's office. There were also discussions, with FRB staff and members, of current monetary problems.

GORDON L. WILLIS, executive vice-president of the Farmers Bank of the State of Delaware, Dover, was recently instrumental in catching a check thief. When the man tried to cash a check Mr. WILLIS called the bank on which it was drawn and learned that it was one of several stolen in a series of safe robberies. The banker phoned the police and the man was subsequently arrested in another bank in the city, where he had gone to convert the check into cash. A Dover newspaper quoted Police Chief Turner as saying: "Gordon Willis certainly used his head in reporting the incident as soon as it happened. Otherwise we would not have been able to arrest the suspect, for within 15 minutes more he would have been beyond apprehension."

Newspapers gave considerable prominence to the decision of RAY EVANS, former All-American halfback, not to resume his pro-football career with the Pittsburgh Steelers and to stay on the job as correspondent bank representative for the City National Bank & Trust Company of Kansas City, Missouri. The New York *Daily News* carried a large picture of Banker EVANS putting rolls of coins into canvas bags. Caption: "Trades Line Bucks for Real Bucks."

The Royal Bank of Canada announces appointment of C. B. CLARK as supervisor of banking arrangements to succeed J. L. LAWSON who has retired after 45 years with the bank. Mr. CLARK, formerly assistant supervisor, will be liaison officer between the Royal Bank and correspondent banks in the United States and other countries. Mr. LAWSON, who had held the supervisor's position since 1926, is widely known in the U. S. and Europe, and is an authority on foreign exchange. He has long been a member of the Association of Reserve City Bankers, and active for many years in the Bankers' Association for Foreign Trade.

C. B. Clark

J. L. Lawson



BANKING

GEORGIA'S EXPANDING, SUH!



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FARM PRODUCTION UP 246%

FARM WAGES UP 262%

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Banker in Chef's Hat

CD. SERGEANT, JR., manager of the mortgage loan department of the Salisbury (Maryland) National Bank, seems to be quite a cook. At any rate, he's good enough to win an award at a recent "chicken festival" sponsored by the broiler industry.

Clementine Paddleford, food expert of the New York *Herald Tribune*, reported that Mr. SERGEANT, "hobby cook of the town," prepared an original wild rice and chicken dish which won him fifth place. Here's the recipe:

"The well washed rice was boiled and cooking water saved, then the chicken parboiled in this for 10 minutes. Hold on to the broth, for this goes to dinner as a soup with a spoonful of the rice dipped into each bowl. At the finish the bird goes under the broiler just long enough to take on a rich brown. Mr. SERGEANT made the gravy with the giblets and the pan juices."

Writer Paddleford concluded:

"Men surely do go all out for botheration when they put on a chef's hat. But hand it to them. They get flavor results."

EDUARDO MORALES was elected first vice-president of the Pan American Bank of Miami. Formerly manager of a bank in Puerto Rico, Mr. MORALES came to the Pan American in 1945.

CECIL A. WEEKLEY has been elected manager of the Ocean View Branch of the Southern Bank of Norfolk, Virginia, with the title of assistant cashier. He succeeds OTTO N. BALLANCE, recently elected a vice-president at the main office. The new assistant manager of the branch is Mrs. NANCY HASKETT. Cashier C. W. PETERSON was named secretary of the board and JOHN J. JOHNSON was advanced to assistant trust officer.

Three assistant trust officers figure in staff changes at the Chicago Title and Trust Company. GERTRUDE H. HELLENTAL is leaving the bank to live on a ranch in California. HAROLD A. SHIRCLIFFE assumes the duties of the late THOMAS J. SHIELDS in estate planning and as counselor on tax matters. EDWIN C. KING is transferring from the new business (trust) department to the probate unit.

Union Planters National Bank & Trust Company of Memphis observed its 80th anniversary recently. President V. J. ALEXANDER is a member of the Credit Policy Commission, American Bankers Association.



R. C. Deering



D. H. Couke

RAYMOND C. DEERING, comptroller of the Manufacturers Trust Company, New York, has also been made a vice-president. Mr. DEERING is secretary of the National Association of Bank Auditors and Comptrollers, a member of the Bank Management Commission

of the American Bankers Association, and a member of the group life insurance committee of the New York State Bankers Association.

DAVID H. COUKE, who has been chief accountant of the City Bank, Detroit, has been promoted to the position of comptroller. He is president of the Detroit Conference, National Association of Bank Auditors and Comptrollers.

THEODORE ROKAHR, formerly executive vice-president and treasurer of the First Bank and Trust Company of Utica, New York, has succeeded the



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late FRANCIS P. MCGINTY in the presidency. G. HAROLD STARK is now executive vice-president and treasurer. Mr. ROKAHR, a banker for 39 years, came to Utica in 1926 from New York. He has served on committees of the bank management commissions of the American Bankers Association and the New York State Bankers Association. He is an alumnus of The Graduate School of Banking. Mr. STARK has been with the First and its predecessor banks since 1911. He was made a vice-president in 1940.

Steve Totton's Summer

STEVE TOTTON, son of FRANK M. TOTTON, vice-president of the Chase National Bank, New York, saw a lot of country during the summer, working his way as he traveled.

The *News-Herald* of Hutchinson, Kansas, one of Steve's stopovers, where he worked as a busboy in Gus Leonida's restaurant, described his odyssey thus:

"He [STEVE] and four other boys left New York in mid-June and drove to the West Coast. Two got jobs in the forest service in California and two others went hitchhiking.

"STEVE got a job on a railroad, working out of Astoria, Washington. Tiring of that, he worked his way to Tia Juana, Mexico. After spending a little time below the border, he worked back up to the Grand Canyon and became a traveling magazine salesman.

"I kept in touch with my folks all the time, writing them every week," he said. "When I got to Hutchinson a week or so ago, I was about broke. I came in here to eat, then hit the boss for a job."

"I liked his looks," Leonida said. "And he's a good busboy. In fact, the best I ever had."

At that point Mr. TOTTON stepped in and insisted that STEVE come home by train,—Pullman and all. At Mr. TOTTON's request, A. C. HEDRICK, president of the Hutchinson State Bank, made STEVE a loan of \$110, which the young man called "ridiculous."

"I could get home on \$4," he said.

JAMES BISHOP, JR., of Macon, Georgia, has joined the staff of the Bank of Greensboro, Greensboro, North Carolina, and will organize and direct a farm department for the bank. Mr. BISHOP has had considerable experience in the farm credit field in Macon and Greensboro.

MARHLON G. SNELL has been elected president of the Citizens Trust Company, Schenectady, New York.

BANKING



P. B. Garrett



Lloyd Strickland

P. B. GARRETT, president of the Texas Bank and Trust Company, Dallas, has been named honorary consul in that city for Bolivia and Peru.

LLOYD STRICKLAND has been made executive vice-president of the Santa Monica (California) Commercial & Savings Bank.

MELVIN F. LANPHAR, president and majority stockholder of The Romeo (Michigan) Savings Bank, has disposed of his personal and family holdings in the bank and retired. His successor in the presidency is LAWRENCE M. KELLY. JOHN J. BREWER continues as chairman of the board.

WILLIAM A. McDONNELL, president of the First National Bank in St. Louis, has been elected to the board of trustees and executive committee of the Missouri Public Expenditures Survey. WILLIAM C. CONNETT, executive vice-president of the bank, was made a member of the commission to represent Missouri in signing with an Illinois commission a bi-state development agency compact.

New assistant vice-presidents at The Bank of Virginia, Richmond, are RICHARD F. BATES, FRANK G. PERKINS, and LEWIS P. THOMAS. L. RALSTON CURRY has been named assistant cashier.

HARRIS M. McLAUGHLIN, associated with California Bank, Los Angeles, since April 1948, is now a vice-president. Before joining the staff he was in the textile business.

South East National Bank of Chicago has promoted FRANKLIN L. MARSHALL and ERNEST W. KILGORE to assistant vice-presidencies.

WILLIAM H. BROWN, former president of Springfield Chapter, American Institute of Banking, has been elected treasurer and manager of the Chicopee (Massachusetts) Cooperative Bank. He was formerly with the Security Banking Company of Springfield and its predecessor, the Morris Plan Company.

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1. **Create New Loans** secured by bonded warehouse receipts
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Carew Tower

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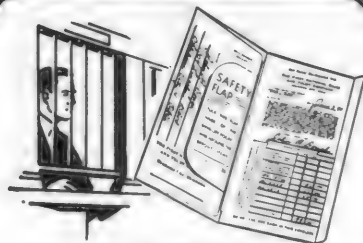
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NATIONAL BANK**
OF PHILADELPHIA

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In desired papers and colors. Write for samples and prices.

J. H. PETERS has resigned as president of The First National Bank of Loveland, Colorado, and joined the editorial staff of *Bankers Monthly* as associate editor.

N. BAXTER JACKSON, chairman of the Chemical Bank and Trust Company, is treasurer of the Greater New York Citizens Committee for the Hoover Report. ALFRED MULLEN, assistant vice-president, National City Bank, heads the committee's Bronx division.

James Monroe Writes to a Bank

ON October 12, 1814, James Monroe, as Secretary of War in President Madison's Cabinet, signed a letter to the cashier of the Farmers & Mechanics Bank of Georgetown, requesting the bank to pay a draft for \$50,000 covering rations to General Jackson's expedition, then on its way down the Mississippi to defeat the British in the battle of New Orleans.

The original letter concerning this early transaction by a private bank on behalf of the Government is now in the historical collection of the Riggs National Bank of Washington, D. C. The Farmers & Mechanics, founded February 14, 1814, is the Georgetown branch of the Riggs.

The text follows:

War Department
October 12th, 1814.

Sir,
It is important for this Department

as well as for the drawers, Messrs. Ward and Taylor who are contractors for supplying rations to the expedition down the Mississippi that this bill should be paid. I have therefore to request that you will receive their drafts to the amount of fifty thousand Dollars when presented, if they have been previously accepted.

As soon as the Secretary of the Treasury arrives which will be in a few days arrangements shall be made to repay the amount.

I have the honor to be

With great respect

Your Obedient Servant,

James Monroe

C. Smith Esq.

Cashier of the Farmers &
Mechanics Bank of G-town.

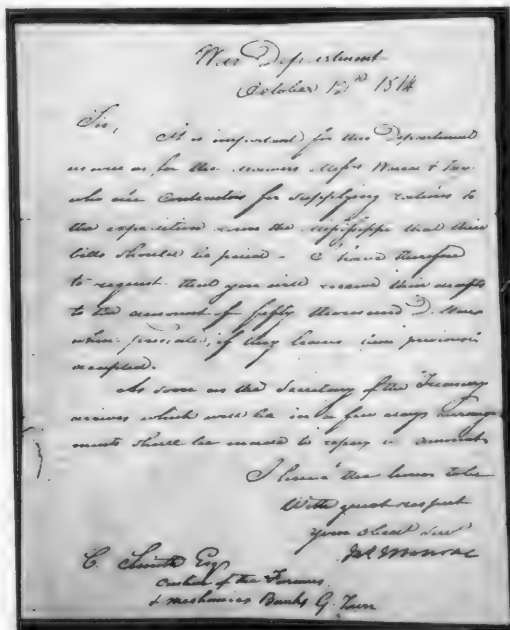
Teller's Hobby Helps Beautify Bank

WHEN GEORGE SOTAK, a teller at the Roosevelt Savings Bank of Brooklyn, New York, learned that the bank wanted a new counter for its savings bank life insurance department, he decided to build it himself.

Interested in wood-working and cabinet making for several years, Mr. SOTAK went to work on the project in his home workshop, following plans drawn by WILLIAM A. WEBER, manager of the department. The counter is 12-feet long and waist high, made of walnut and birch, with storage space, cash drawers and cabinets. It was turned over to ADAM SCHNEIDER, JR., president of the

(CONTINUED ON PAGE 102)

"Your Obedient Servant, James Monroe"



WHY DOES A CUSTOMER
APPOINT *You*
AS TRUSTEE?

Your customers who appoint you to the responsible duties of trustee, do so because they have confidence in your bank. You have built this confidence by never letting them down... by giving them always the very best service. That's why most banks all over America promote the sale of American Express Travelers Cheques—because: they never let customers down and give the very best service.

... and WHY DO YOUR CUSTOMERS
Prefer
AMERICAN EXPRESS TRAVELERS CHEQUES?

Known Everywhere! Your customers will find American Express Travelers Cheques the best known, the most widely accepted cheques in the world. They're easy to spend *anywhere* because American Express not only originated the travelers cheque idea but has vigorously promoted it for 60 years.

Help Available Everywhere! Your customers never have to worry if their American Express Travelers Cheques are lost or stolen. They can get help—quick help, whenever or wherever they need it. At home or abroad, your customers can depend on one of the 160 conveniently located American Express offices or one of thousands of agents and correspondents for fast, willing assistance and quick refunds.

Satisfied Customers Everywhere! So rely on American Express Travelers Cheques to give your customers the dependable service they are accustomed to receive at your bank. In your checking accounts, vault protection, loans and other facilities, you give your best service. Be sure also to offer the best in travelers cheques—American Express Travelers Cheques.

CONVENIENT AS CASH—100% SAFE!

**AMERICAN EXPRESS
TRAVELERS CHEQUES**

MOST WIDELY ACCEPTED CHEQUES IN THE WORLD!



(CONTINUED FROM PAGE 100)

bank, in a brief ceremony attended by the staff.

Thanking Mr. SOTAK for the gift, President SCHNEIDER said it was "an example of cooperation between departments of the bank and shows we are all members of the same team."

New vice-presidents at the Chemical Bank & Trust Company, New York, are ALFRED H. HAUSER, HUGH WEIR, and JOHN L. GIBBONS. Mr. HAUSER becomes the bank's investment officer, Mr. WEIR supervises the administration of trust accounts and estates, and Mr. GIBBONS the development of corporate and pension trust business.

Consolidation of First National Bank of Arizona and The Phoenix Savings Bank & Trust Company under the corporate name, First National Bank of Arizona, has been proposed to the stockholders.

FRANK M. HORTON, vice-president of the Central National Bank of Cleveland, has retired after more than 47 years of service with the bank. Mr. HORTON was a founder and an early president of the Bankers Association for Foreign Trade, and started his bank's foreign banking division immediately after World War I.

The Terrell (Texas) State Bank, which recently observed its first birthday, published a full page newspaper advertisement thanking the public for helping it "grow and prosper."

The National City Bank of Long Beach, California, opened for business on August 29 with capital and surplus of \$600,000 fully subscribed by 200 residents of the community. Organizer and chairman of the board is NELSON McCook, first president of the Independent Bankers Association of Southern



H. G. Markworth



M. J. Burke

California. The president, H. G. MARKWORTH, was for many years executive vice-president of the Santa Monica Commercial & Savings Bank. Other officers are: FONDA MCCOOK, executive vice-president and cashier; CLYDE DOYLE, vice-president; KURTZ B. BALLOU, assistant cashier and auditor; and WALTER NIEMANN, assistant cashier.

MICHAEL J. BURKE has been elected vice-president and mortgage officer of the Lincoln Savings Bank, Brooklyn, New York.

Assistant Vice-president GERALD W. L. ANDREW of Manufacturers Trust Company, New York, now heads the central credit department. He was formerly in charge of the commodity loan division.

SYLVAN C. GANZ, executive vice-president of the First National Bank of Arizona, has retired after 44 years with the bank.

DEXTER P. RUMSEY, president of the Erie County Savings Bank, Buffalo, is western division vice-chairman for the New York State Governor's Committee on Housing and Construction. Associate vice-chairmen in other divisions include: EARL B. SCHWULST, president, Bowery Savings Bank, New York; ADDISON KEIM, president, Albany Exchange Savings Bank; and ROY C. VAN DENBERG, president, Savings Bank of Utica.

Rochester (New York) Trust Com-

pany has promoted ARTHUR B. WESTON to an assistant vice-presidency. He is a former president of Rochester Chapter, American Institute of Banking.

AUBREY G. LANSTON, formerly executive vice-president of The First Boston Corporation, has formed a New York investment firm to deal primarily in government securities. Officers include LEONARD M. HORTON and PHILIP D. HOLDEN, formerly with the Chemical Bank & Trust Company; JOHN D. C. TOWNE, once with Guaranty Trust Company; and LEROY M. PISER, who was chief of the Government Securities Division, Federal Reserve Board, before he became an assistant vice-president of The First Boston Corporation.

R. G. AYRES has been made a vice-president of the Fort Wayne (Indiana) National Bank. H. H. Stellhorn is now an assistant vice-president.

ROBERT L. SHEARN has been elected assistant cashier at the head office of The Bank of California, San Francisco.

Dr. IRVIN BUSSING, formerly manager of research at the Savings Banks Trust Company of New York, is now vice-president of Lowell Smith & Evers, Inc., a mortgage company. He is in charge of the firm's activities in FHA mortgages.

The First National Bank of San Jose, California, publishes a historical brochure to mark its 75th anniversary.

HARRY F. ANDREW has been appointed assistant vice-president of the Dry Dock Savings Institution, New York City, in charge of the downtown office.

OTIS T. ALVISON, vice-president, recently celebrated the 50th anniversary of his association with The Omaha National Bank.



For the third successive year the team of the Mississippi Valley Trust Company, St. Louis, won the championship in the Girls' Bankers Softball League. The team won 10 games and lost one, had a batting average of .486, made an average of 16 runs a game. Six teams are in the league. In the team picture, left, Manager Roy Anderson is standing at the right. Coaches Bob Svoboda and Jim Barry are the other two men. They, as well as all the girls, are on the bank's staff

How a Farm School Benefits South Dakota Bankers and Farmers

JOE SAUNDERS, who operates a farm near Huron, South Dakota, had asked for a sizable loan on 30 head of what he called "exceptionally good grade whitefaces." Just as a matter of course, a loan officer from the Huron branch of the Northwest Security National Bank went out to Saunders' farm to look them over. What he saw didn't please him.

"They're mighty common looking steers," he told Mr. Saunders. "We'd be fools to loan you what you're asking on those beeves. They're not worth that much."

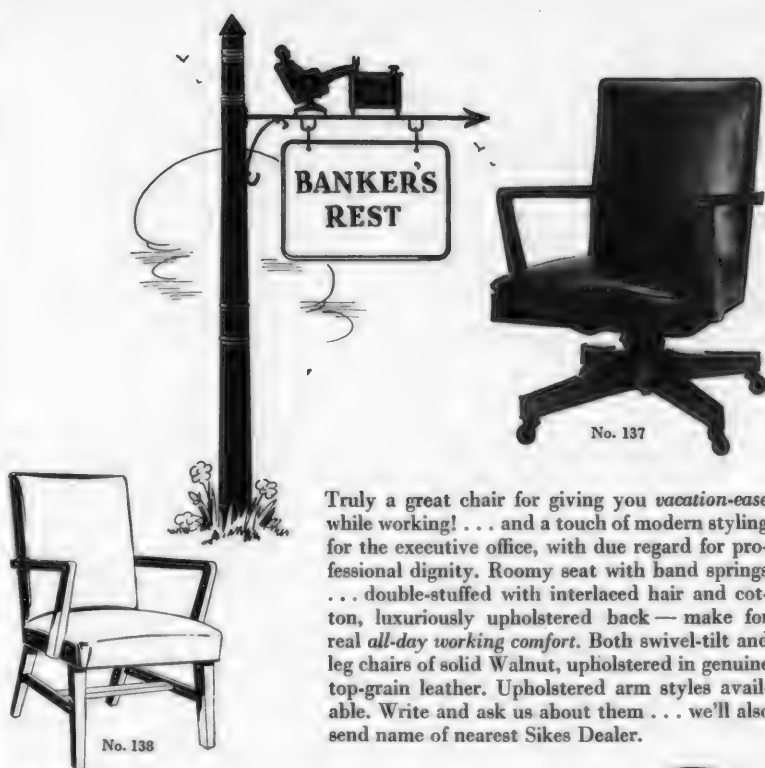
When the banker drove away, Mr. Saunders scratched his head, muttering: "Since when did a banker get to know the difference between a good and an inferior steer? I thought he would have trouble telling the difference between a steer and a bull."

WHILE the farmer's name wasn't Saunders, this incident really happened. According to Carl J. Odegard, vice-president and manager of the Huron branch, it's a result of the banker's short course and school held each spring at South Dakota State College. Here bankers get a chance to study the difference between good and bad farming. They visit farms, inspect the college's seed house and greenhouses, and participate in stock judging contests. Lecturing is held to a minimum for the emphasis is on demonstrations.

"We could send our young men to these clinics and they wouldn't get so much from a two-week course of lectures as they do from a two-day session here," declares Mr. Odegard. "It's easy to forget a lecture but a demonstration is different. When a banker is asked to explain his reasons for picking a certain steer over another, he learns something about cattle. The same is true in the case of hog or sheep judging contests."

Mr. Odegard points out that South Dakota is primarily an agricultural state. Bankers need to have more than a superficial knowledge of farming, he said.

"We're loaning out big sums of money so farmers can buy land or livestock or equipment," said Mr. Odegard. "At the clinic bankers study subjects



Truly a great chair for giving you *vacation-ease* while working! . . . and a touch of modern styling for the executive office, with due regard for professional dignity. Roomy seat with hand springs . . . double-stuffed with interlaced hair and cotton, luxuriously upholstered back — make for real *all-day working comfort*. Both swivel-tilt and leg chairs of solid Walnut, upholstered in genuine top-grain leather. Upholstered arm styles available. Write and ask us about them . . . we'll also send name of nearest Sikes Dealer.

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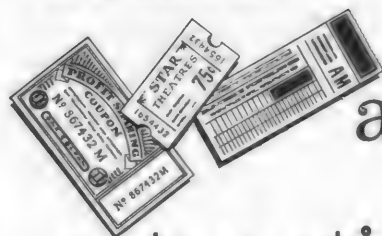
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vitality related to farming and banking. We're plagued by grasshoppers, so a talk on recent trends in grasshopper control is pertinent. We're being told about trash cultivation. Does that mean anything to a farmer? It should

to a banker, too. So we engaged Ralph Cline of the Soil Conservation Service to tell us about other tillage methods competing with the plow. We found out why legumes and grasses help to maintain and improve soil fertility and how

Counts



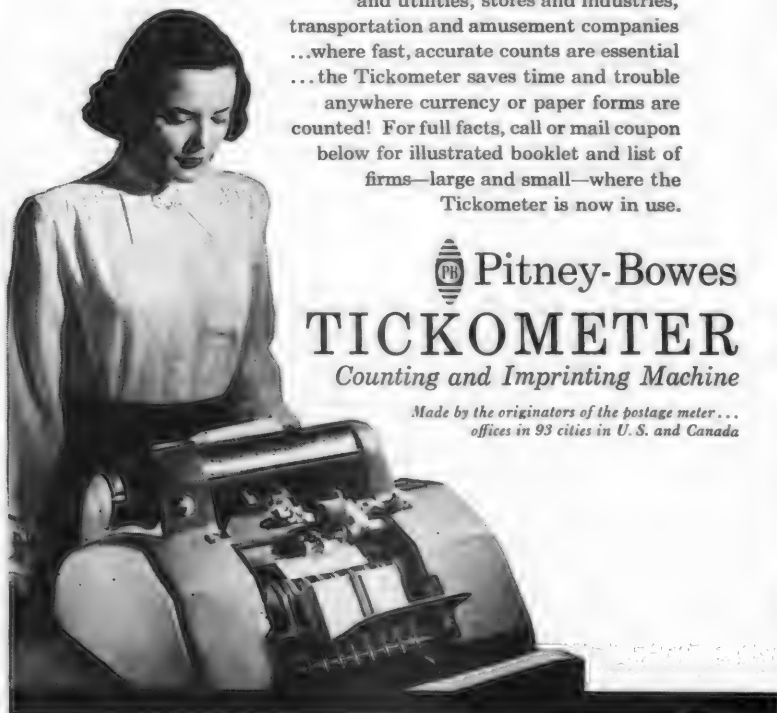
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they stabilize crops and livestock production."

Mr. ODEGARD is largely responsible for the short course and school on farming. He was chairman of the agricultural committee of the South Dakota Bankers Association when the school was founded.

This enterprising South Dakota banker feels that the school not only serves as the instrument for increasing the knowledge of farm problems and technique but adds a good public relations feature to this activity as well.

"It is just as desirable for a farming community to understand banking," he said, "as for the bankers to understand farm problems."

Mr. Odegard is recognized as one of South Dakota's leading experts on chemurgy and has given numerous talks to farm organizations and other groups on this new agricultural science. He feels that the time may come when chemurgy will be of paramount value.

A BANKER," he said, "has to keep better posted on agricultural trends than the farmer himself. Moreover, he has to be a sort of financial advisor to the farmer. That's why I remain at the bank for two or three hours after work in order to study Government agricultural reports and to digest reports by agricultural economists. It gives me a better perspective and I think enables me to do a better job of banking for the bank and for the farmers."

—HAROLD SEVERSON

By the Way—

For a liberal education nothing beats a two-party telephone line.

There is no indigestion worse than that which comes from eating your own words.

It's difficult to please persons who complain when they get what they have coming and complain when they don't get what they have coming.

Pedestrians and kangaroos live and grow by leaps and bounds.

Many hands make light work, but that's no advantage with overtime pay.

The trouble with Russia is the millions of unread Reds.

A diplomat has both the gift of gab and the gift of grab.

Bank Supervisors and the Business Cycle

At sessions of the Pacific Coast Bank-
ing School and the Central States
School of Banking, J. L. Robertson,
Deputy Comptroller of the Currency,
discussed some problems of bank super-
vision. Quotations from his talk follow:

"I should like to give you my ideas,
as just one bank supervisor, on the re-
lationship between bank supervision and
the business cycle.

"The subject 'Bank Supervision and
the Business Cycle' is comparable, in a
way, to a discussion of, for example,
'The Chicken and the Egg.' No one
can know in advance whether the crux
of the subject is the effect of the egg on
the chicken, or the effect of the chicken
on the egg. Some might be startled to
hear a lecture on what the egg did to
the psychic and emotional life of the
hen, when they had been expecting
illumination on the much more tangible
subject of the hen's responsibility for
the physical existence of the egg.

"Bank Supervision and the Business
Cycle' is similar to a degree. The atti-
tudes and policies of bank supervisors
have their impact on economic cycles—
lengthening or shortening the duration
of the economic waves, and moderating
or enhancing their troughs and crests.
On the other hand, the rise and fall of
the business cycle continuously affects
the character of bank supervision,
chiefly by its influence on the thinking
and the attitudes of bank examiners.

"Any contention that the principles
of bank supervision are not and should
not be influenced by any consideration
of what phase of the economic cycle
the country may be in at a particular
time can result only from an inadequate
analysis and a failure to take a hind-
sight look at . . . the past.

Spectacles Must Be Adjusted

"A bank examiner is not up to his
job and is not performing his duty if he
does not constantly compare the pres-
ent with the past and make his best
possible projection into the future. Even
bank examiners must—and do—adjust
their spectacles from time to time, in
the light of existing economic condi-
tions. The examiner doesn't exist who
could hold himself so aloof from the
economic conditions and thought of the
time that he could judge a credit exactly
the same way in a rapid downswing as
in a booming upswing. . . .

"But in my opinion, it is wholly in-
appropriate for a bank supervisory offi-
cial to devote his efforts to attempting

to read the barometer (again I borrow
the wrong word) of business cycles, each
morning before breakfast, in order to
know which degree of supervisory judg-
ment to apply on that day. His position
does not permit him to play the role of
an economic prognosticator.

"Thus far, I have been speaking of
the effect of the business cycle on bank
supervision. But the reverse relation-
ship is equally significant. I think ev-
eryone will agree that the banking

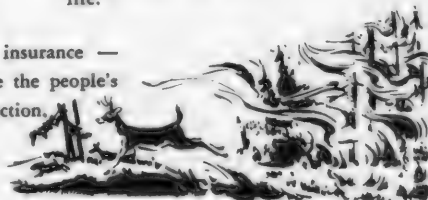
system plays a part in shaping the am-
plitude and the duration of business
cycles. To the extent it does so, it is
the banks themselves which play the
major role. The supervisor's 'part' is
minor and results from his efforts to
keep each individual bank in condition
to meet whatever the future holds for it.
But it is undeniable that the actions
and policies of bank supervisors do have
an impact—beneficial, I think—on the
business cycle."



Encourage conservation. It's good insurance —
for the country's natural wealth, like the people's
property, deserves the best in protection.

Conservation Is Insurance

30 million acres of woodland are ravaged
by fire each year chiefly due to man's care-
lessness. With them are destroyed many
summer hotels, homes and campsites, to
say nothing of count-
less numbers of wild
life.

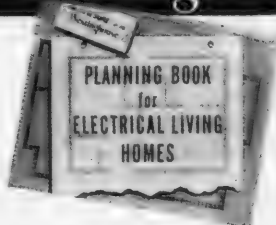


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News for Country Bankers

(CONTINUED FROM PAGE 53)

land area. The first day's schedule included:

"The Future of Agriculture in Massachusetts," by Dean Victor Rice; "County Key Banker Program," by E. T. Savidge, secretary, A.B.A. Agricultural Commission; "How I Solicit Farm Loan Business," by L. L. Cambier, executive vice-president, The Farmers National Bank, Malone, New York; a panel discussion on "I Am a Young 'Would Be' Farmer—Should I Buy Now?" The moderator of the panel was R. M. Leland, president, Northborough National Bank. Speakers included L. D. Rhoades, secretary-treasurer, Farmers Production Credit Association, Northampton; Farmer W. F. Lewis, Chelmsford; VA Representative E. F. Gillis, Boston; B. O. Moody, vice-president, First National Bank, Amherst; and Bristol County Agent Charles Harris. G. H. Stebbins, president, Simsbury (Connecticut) Bank and Trust Company, spoke on the "Problems of a Young 'Would Be' Farmer." After a tour of the University campus, delegates attended a social hour preceding a banquet at the Hotel Lord Jeffery.

A variety of topics embodied in the second day's program included a group of "quickies" and a panel discussion. L. A. Zehner, assistant vice-president, Federal Reserve Bank of Boston, was moderator of the "quickie" group. His speakers (all of whom are connected with the University) and their topics were as follows: R. E. Moser, extension economist, on "Farm Accounting"; R. W. Donaldson, extension agronomist, "Green Pastures"; A. B. Beaumont, state conservationist, "Soil Conservation"; H. M. Jones, State 4-H Leader, "4-H Clubs"; S. N. Gaunt, "Artificial Insemination."

H. N. Stapleton, head of the department of agricultural engineering, spoke on "New Developments in Farm Machinery"; W. H. McMahon, International Harvester Company, Boston, on "Farm Equipment Financing"; M. J. Hurley, Chief National Bank Examiner, Boston, on "How a Federal Bank Examiner Looks at Agricultural Loans"; P. L. Gaddis, assistant manager, The Equitable Life Assurance Society of the United States, New York, on "Farm Appraisals"; and R. F. McLeod, vice-president, Charles M. Cox Company, Boston, on "Feed Credit Problems."

H. B. Munger, president, Farm Credit Administration, Springfield, was moderator of a panel discussion on "Would You Have Made These Loans?" The participants were D. E. Lownds, farm service department, B.M.C. Durfee Trust Co., Fall River; R. G. Cooke, farm loan department, Industrial Trust Co., Providence; G. I. Miller, vice-president and cashier, The Falmouth National Bank; and D. J. Lewis, vice-president, Middlesex County National Bank, Everett.

President Godfrey summarized the conference at its conclusion.

Branding Banker of Milbank

ROUND about round-up time, it's mighty hard to find W. D. Heupel in his office at the Milbank branch of the First National Bank of Aberdeen, South Dakota. You're more likely to locate him out at the branding chutes of a cattle ranch near Milbank.

What's more, you'll see him wearing blue denims, and a hat that's seen better days. Instead of being perched on the corral fence and watching the cowpokes at work, he'll be lending an efficient hand at the hard and smelly job of branding calves and steers.

Mr. Heupel explains that Milbank is in the heart of South Dakota's cattle country. Many of the bank's customers are cattlemen who number their cattle by the hundreds. By helping with the

Where Does Control Lead?

Many of us profess to want to preserve and strengthen private endeavor. The way to accomplish this is to make private endeavor function so effectively that there will not be either need or place for another system. The modern scene is dominated by large-scale organization on the side of both management and labor. Agriculture likewise is far from being without group influence. The real question is whether we are appreciating fully the responsibilities going with organized power. If we insist on exercising the privileges of power without meeting the responsibilities for the common good associated therewith, general welfare will seek out methods of protecting itself. How we react to points such as these and what we do about them will supply the answer to the question "Where does price control lead?" — O. B. Jesness, chief of the Division of Agricultural Economics, University of Minnesota and member, Advisory Council, Agricultural Commission, American Bankers Association.

spring branding work, Mr. Heupel gets an intimate knowledge of the size and efficiency of the customer's cattle operations. He notices the condition of the pastures and the type of care given the cattle. In this way he gets a good idea of the ranchman's ability to make money with his cattle.

A feature of the annual round-up which Dan Heupel especially enjoys is the big steak dinner when the work is finally completed.

The cattlemen in the Milbank area also are accustomed to having Dan Heupel make a summer inspection of their herds with a light plane. The big ranches cover a lot of ground and Mr. Heupel has found the plane enables him to make his inspection tours in a fraction of the time formerly required when an automobile was used.

"It's a highly unusual form of public relations work," says Fred Roesch, vice-president of the Aberdeen office of the First National Bank, "but Dan Heupel certainly is proving that it works very well. He also clerks the cattle sales without any charge at all. We've found that it helps to make firm friends for the bank."

Air View of Farms

DURING a two-day schedule of air-plane flights over Adams County, Ohio, farms, sponsored by the Adams County Bankers Association, 187 farmers got their first opportunity to view their own and neighboring farms from the air.

Intended to stimulate interest in soil conservation, these trips brought favorable publicity to the banks.



Maine Bankers Association leaders with State Dairy Show 4-H winners. Left to right, G. C. Fernald, MBA secretary-treasurer; Ralph Walker, Biddeford; C. F. Clement, Belfast, chairman, MBA agricultural committee; Robert Weymouth, Charleston; Neal Peaslee; and Robert Pike

Square Pegs in Square Holes

This is the story of a non-fee, non-profit personnel procurement service that has contacts with major lines of American business, including banking. Its careful screening of job applicants has resulted in much employer goodwill in the New York area.

WHEN the New York personnel manager of one of some 250 prominent American businesses, including banks, wants the right man for a job—college graduate or experienced executive level—the chances are good that he'll call Plaza 9-1400.

The voice answering the telephone says, "Occupational Research Foundation . . . Mr. Klauberg? Certainly . . ." And in a few moments the seeker of a square peg for a square hole is giving his specifications to Leo V. Klauberg, executive director of this unusual, non-profit organization.

Calling itself "a selective placement service," the Foundation charges no fee to either employer or job applicant. The costs of overhead—staff and offices on Madison Avenue, New York City—are met entirely by voluntary contributions. The directors are representatives of top management in industrial firms employing large numbers of people—men who enthusiastically and actively cooperate in a human relations enterprise that is paying big dividends to industry and the community as a whole.

Three Years' Success

Established three years ago as a central procurement agency where management could have access to the cream of the college applicant market, the Foundation has had success in providing for industry qualified individuals for particular jobs which industry has to fill. Executive Director Klauberg, a veteran of the two World Wars, was in Navy personnel work during the second; he has been with the Foundation since it was formed.

The Foundation's supply of applicants comes from two major sources: college placement bureaus and the comparatively large number of persons who have heard about ORF from friends.

Each registrant gets a personal interview with a staff member. It's all very informal, for the interviewer's objective is to put the applicant at ease so that he'll talk freely and reveal himself. In this conversation the Foundation seeks to determine the candidate's real skills and interests, whether he has initiative,

and also whether he's just looking for a fancy job. Sometimes, of course, the applicant makes the mistake of overselling himself, although he's quite apt, because of timidity, to undersell. In any case, a careful screening job is done. Thus the number of time-consuming interviews by management is reduced to a minimum.

College Contacts Maintained

So far as present facilities permit—and they're limited—the Foundation maintains contacts with a number of colleges. Occasional visits by staff representatives to campuses afford the students an opportunity to get in touch with occupational trends and job-seeking techniques, and also to learn the need for directed educational courses as proper equipment for business or vocation.

Also, the Foundation people like to talk to students' vocational guidance conferences, and more of this work will be done as the program expands.

The list of businesses regularly employing Foundation-recommended personnel covers a broad sector of American commercial activity: manufacturing, communications, transportation, advertising, publishing, insurance, merchandising, and banking—to mention a few fields. The roster of names reads like a Who's Who of American business.

Most, if not all, the requests for personnel and the applicants for jobs come from New York City. That is because the screening process, which is the heart of the Foundation's service, requires a registrant's personal appearance, and because the cooperating companies have either their headquarters or strategic offices in the metropolis. However, some job openings have come from the Middle West and South, and even from Bermuda and Iceland.

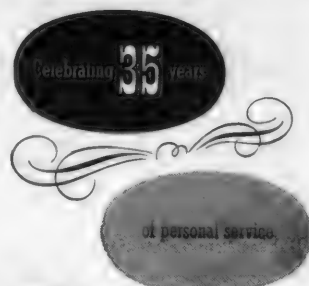
The tales the gossipier tells are too numerous to mention.

There is nothing shorter than the space between two parked cars.

The only way you can make a living harping at others is to play in an orchestra.

Nothing is on the go more than money.

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Education in Small Business Methods

CARRYING "small business education" to the grass roots, the Citizens & Southern National Bank in Georgia is launching this month a 15-week mobile program spread over five cities of the state. The actual mechanics of the program will be carried forward by the College of Business Administration and the Division of General Extension of the University of Georgia. Cosponsor also is the Office of Small Business, United States Department of Commerce, operating through its Atlanta office.

The program begins on Monday evening, October 3, in Savannah, and will move on succeeding nights to Douglas, Columbus, Rome, and Atlanta. This type of schedule will be followed over a period of 15 weeks, which will carry the entire program into February 1950. Instructors of the course will be specialists from the regular faculty of the University of Georgia, officers of the Citizens & Southern National Bank, staff men from the U. S. Department of Commerce, and businessmen who are specialists in various phases of business operations.

The 15-week curriculum has been devised by a committee composed of Dr. James E. Gates, Dean of the College of Business Administration, University of Georgia; William P. Layton, director of Small Business Programs for the University; Lewis F. Gordon, vice-president of the Citizens & Southern National Bank; George E. Tomberlin, assistant vice-president in charge of the Small

Business Term Credit Department of the bank, and C. P. Persons, in charge of the Atlanta office of the U. S. Department of Commerce.

As presently outlined the 15-week seminar course will embrace:

(1) INTRODUCTION

What is small business; values of small business; durability of small business, a long-range view; training for small business; special problems of small business; growth of small business into big business; material available to aid small business.

(2) ORGANIZATION OF YOUR BUSINESS

Purpose and need for good organization; relationship to objectives; relationship to functions; necessity for determining the vital functions of a business; organization structure; relationship of organization to morale and to good management; relationship to business procedures and control; the complete business organization.

(3) FINANCING YOUR BUSINESS

Basic financial problems of small business; how much capital is needed; where capital can be obtained; administration of capital once it is obtained; bank credit; use of own funds; borrowing from friends and relatives; trade creditors.

(4) INSURANCE REQUIREMENTS FOR THE SMALL BUSINESSMAN

Risks you face; property; material damage to your own property; liability for property damage and personal

injury; the field of insurance—fire and allied lines, personal, life, disability, ocean and inland marine, casualty; your insurance program; survey of risks; determination of coverage needed; extended coverings; collateral fire lines; consequential loss insurance.

(5) SELECTING AND TRAINING YOUR EMPLOYEES

Fundamentals of a good personnel program; importance of sound selection to a well balanced staff in a small concern; introducing the employee to his job; nature of training; instructing on the job; handling disciplinary problems; foundations for good relations.

(6) PRICING AND PRICE POLICY

Price theory; normal price; demand; supply; price determination; monopoly prices; market prices; imperfect competition; manufacturer's prices; retail and wholesale prices; price cutting; discounts; quantity discounts; trade discounts; advertising allowances; Robinson-Pattman Act; trade channels and prices; private brands; price behavior.

(7) RECORD KEEPING AND ACCOUNTING FOR YOUR BUSINESS

Reasons for keeping records; questions accounting records should answer; records required by tax and other legislation; accounting statements; single and double entry; asset records; sales; credit sales; cash receipts and payments; purchases; mechanical accounting; budgets; illustrative systems.

(8) TAXES AND YOUR BUSINESS

Old age and survivor insurance; employment insurance; Federal excise tax on employers of eight or more; state income tax; withholding tax (pay-as-you-go); Federal income tax (basic problems only).

(9) GRANTING AND USING CREDIT

Charge accounts; budget accounts; instalment accounts; credit bureaus and their use; collection policies; Dun and Bradstreet; National Association of Credit Men; opening new accounts; cash discounts; sales finance companies; floor planning; use of warehouse receipts; slow accounts; credit limits; business cycles; seasonal fluctuations.

(CONTINUED ON PAGE 110)



Dr. James E. Gates (left) dean, College of Business Administration, University of Georgia, and George Tomberlin, assistant vice-president in charge of the small business term credit department, Citizens & Southern National Bank, Atlanta, examining books in the bank's lending library



Your customers' foreign problems also need a *"creative approach"*...

• **KEEPING PACE** with fast-changing conditions in a postwar world, the Irving has developed a unique "creative approach" to foreign business problems.

If your customer, for instance, needs help in expanding his overseas business, we will supply him with possible sales outlets . . . new sources of supply . . . contacts in the import-export field. Personal discussion with our officers about business conditions

abroad may help him clarify his position. A complete change in the pattern of his trade relationships might even be indicated.

Whatever the problem, it is faced with realism—plus imagination. Correspondents who handle foreign transactions through the Irving soon discover the extra values this "creative approach" offers. It helps them immeasurably in building better customer relations.

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Vice President

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Vice President

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Teletype New York 1-3690

(CONTINUED FROM PAGE 108)

(10) ADVERTISING FOR THE SMALL BUSINESS

Evaluating the media; direct mail; handbills; newspapers; premiums; sign advertising; telephone book; radio; theaters; church bulletins; the advertising budget; coordinating advertising and selling; sales promotion.

(11) CAUSES AND SYMPTOMS OF BUSINESS FAILURE

Excessive liabilities; top-heavy fixed assets; excessive loans to officers, directors, and employees; insufficient net working capital; inadequate gross margin; excessive operating expenses; continual losses; constant or excessive withdrawals of dividends.

(12) EFFICIENT MANAGEMENT OF YOUR BUSINESS

A philosophy of management; objectives of efficient management—service, profit, collateral, social, economy, effectiveness; kinds of management; the business plan; the nature and importance of business policy; basic factors of organization and operation.

(13) LAW FOR THE SMALL BUSINESSMAN

Contracts; essential elements of valid contract; writing; parol evidence rule; remedies; quasi-contracts; sales; contracts to sell; warranties and tort liabilities; remedies; security; real estate; statutory laws; property—personal, real; conveyance; agency; creation; principal and third person; principal and agent; negotiable documents; business organization.

(14) SOURCES OF BUSINESS INFORMATION

U. S. Department of Commerce, Office of Small Business; services; personnel; business library; books; periodicals; association publications; pamphlets; house organs; industry publications; directories; newspapers; services; documents.

(15) SUMMARY AND SUGGESTIONS

A look at the future; special problems of small business; management; finance and taxation; competitive opportunity; the individual businessman—the progress of business depends upon his will and energy.

No two people are alike, which may be one reason for rejoicing.

The fellow who owns a summer cottage meets all his relatives.

Other Securities

(CONTINUED FROM PAGE 69)

the United States Navy, reportedly, is in the market for about 740,000 ounces for manufacturing purposes in one of its ordnance plants. This foreshadows continued upward pressure on silver prices even though purchases may be effected in small quantities.

Aluminum

Aluminum made the headlines with the resumption of stockpiling operations by Washington which will be accomplished largely through deliveries by Reynolds Metal Co., which will pay for the purchase of new government-owned plants with aluminum and by Henry J. Kaiser's Permanente Metals Corp. A new agreement gives both firms the right to fill the stockpiling requirements for the current year, estimated at 60-million pounds of aluminum pig. Of this, 40 percent has been allotted to Permanente and 60 percent to Reynolds. Permanente also has been given the option to fill 40 percent of requirements for the next 25 years.

Tin

Equally important was the action by the Department of Commerce which lifted the ban on private importations of tin, although import permits and controls remain. The Reconstruction Finance Corporation thus ceases to be the sole importer of the metal. Government restrictions on the use of tin in making cans, once tight enough to prohibit the manufacture of beer cans, etc., will be dropped altogether on December 1.

This has led to renewed discussions about the possible resumption of tin future trading on the New York Commodity Exchange. The board of the exchange is still studying the subject, but the feeling is that as long as the price is virtually pegged at \$1.03, there is little point in reactivating trading. Metal merchants seem agreed that free markets would find the quotes much lower, if not actually half of the controlled price.

Rubber

Greater use of rubber and thus profitable activity of this industry's capacity was predicted when New York City began the other day a long range experiment to test rubberized asphalt on streets in five different locations. Test mixtures add between 12 and 20

pounds of ground rubber to the basic asphalt formula in an effort to make pavement surfaces tougher, more resistant to cracking in winter and more pliable in summer.

Telephone

A notable financial agreement, which will ensure resumption of manufacture and shipment of telephone equipment, has been entered into between International Telephone and Telegraph Co.,

and Banco Central de Argentina. The central bank will make available the necessary dollar exchange to meet the commitments of the I.T.&T. subsidiary, Compania Standard Electrica Argentina, which has issued a \$20-million

Modern cities and modern youth could both stand better home rule.

Breakfast nook: A part of a house generally built for use by midgets.

Stone walls do not a prison make, nor iron bars a cage, but they don't make a dream house either.

Four Days is a Long Time!

EVEN WHEN YOU'RE ENJOYING the 75th Annual A.B.A. Convention, four days is too long to be out of touch with business.

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There'll be a Translux Ticker flashing stock sales and prices, and a Special News Wire to provide a running commentary on all other phases of the financial scene.

You'll get a morning digest of four metropolitan newspapers, commodity reports direct from major markets, current quotes on key over-the-counter issues, prevailing bond prices—and dozens of straight news flashes during the day on important events that might influence security values.

If information like that can be useful to you, just visit **Booth #3** any time during your four days in San Francisco.

And, incidentally, if you do stop in to see us, we'll be glad to give you full details, too, on our unusual facilities for serving the needs of institutional investors.

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five-year serial note payable to the parent company. Banco Central has also guaranteed foreign exchange requirements of £1,320,000 sterling and 85-million Belgian francs for similar purchases of telephone equipment by I.T.&T. subsidiaries in London and Antwerp.

Foreign Financing

The statement issued by the fiscal heads of Britain, Canada, and the United States that greater financing of sterling area countries by the International Bank for Reconstruction and Development and by the Export-Import Bank is desirable foreshadows resumption of foreign financing in which private channels will have a part, no doubt, as in the past.

New Issues

The flotations of securities now in registration show a greater industrial variation than has been in evidence for some time. In addition to the steady stream of utilities issues and equipment trust certificates of railroads, this month's list comprises also such industrial companies as St. Regis Paper Company, Sierra Madre Mining Company, Ridge Citrus Concentrates, Inc., Power Petroleum, Ltd., Palestine Cotton Mills, Pikes Peak Plastics, Inc., Piedmont Aviation, Inc., Pittsburgh Silver Mining Company and Pufahl Foundry.

Besides, there are MacFarlane's Candies, Mellin's Food Company, Mutual Plywood Corporation, National Exhibitors Film Corporation, Liberty Loan Corporation, Great Lakes Towing Company, and Emerson Radio and

Phonograph Corporation. Issuance of mining and finance company securities is, of course, related to the extraordinary activity in both fields.

Prospective Offerings

Among those organizations which have indicated they may issue securities in the near future are Vacuum Foods Corporation, which is contemplating a flotation of convertible preferred stock, and New Haven Pulp & Board Company, which is likely to offer additional capital stock.

The utilities, among prospective issuers, include Alabama Power Company, American Gas & Electric Company, Appalachian Electric Power Company, Arkansas Power & Light Company, Carolina Power & Light Company, Central Hudson Gas & Electric Corporation, Central Maine Power Company and Central & South West Corporation, Eastern Natural Gas Company, Gulf States Utilities, Missouri Power & Light Company, Pacific Power & Light, and Westchester Lighting Company. The railroads on the list include New York Central, New York, Chicago & St. Louis, and Chicago, Rock Island & Pacific.

August Financing

Financing in August ran well below July as well as August 1948. The corporate total was about \$50-million in August, against \$281-million in July, and \$166-million in August 1948. The total for municipals was about \$120-million, exclusive of the \$100-million Canadian issue, compared with \$179-million in July and \$209-million in August of last year.

Employees of the banks of New York City registering for American Institute of Banking courses in the auditorium of New York Chapter the first week of September. The chapter's 1948-49 membership was 4,124 and its class enrolment, 6,551



World Business

(CONTINUED FROM PAGE 44)

interesting revelation concerning the quoted report: "The document had been kept secret, Europeans said, at the instance of American Marshall Plan officials, who feared it might make Congress less willing to grant new funds."

STERLING SIMPLIFIED

With its August *Review* the Midland Bank published a chart compressing into a single, comprehensible page the system of United Kingdom exchange-control transfers. The chart should be very useful to American foreign traders and bankers. In it, all the trading countries are grouped in five different boxes: Scheduled territories (i.e., the sterling area itself), American account countries, transferable account countries, "bilateral" countries and "other countries." Arrows on the chart indicate the direction of permissible transfers not requiring individual approval by the UK control. The arrows, like the needle of a compass, point in one direction only. But, with one exception, transfers between different countries within the various groups are, broadly speaking, permitted without licensing. The exception is the group of 28 "bilateral" countries. Among these, transfers of sterling are not freely permitted by the UK.

COMMODITY AGREEMENTS

On the eve of September's Washington talks, the writer asked a British visitor for his view on the proposal that the U. S. enter into commodity agreements which would have the effect of



"Couldn't let you get married, without giving you a wedding present!"

October 1949

The things you need to know —to run your business well in CANADA

American companies interested in Canada's rich markets, raw materials or industries must have authoritative information. Prices, availabilities, references and credit information are business tools this Bank can supply.

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SUPERLATIVES

In reading over some of our recent advertisements, we are rather shocked to find that we have been indulging in superlatives, whereas it is our intention always to deal in understatements.

Why do people go off the deep end and brag so much in advertising? Why, especially, do people who normally exercise restraint take off the wraps when they start writing about their product? The only justification we can see for such conduct is that the copy writer is not making claims for his own achievements but rather for those of the hundreds of people who produce the thing he is trying to sell. Perhaps on that basis superlatives are justified.

Take DeLuxe, for example. This writer is of the opinion that the

folks who produce for DeLuxe do a really commendable job, so perhaps it's all right to say so. He thinks they are about the most sales-minded production people and the most production-minded sales people he has ever seen. He thinks that combined they constitute the most service-conscious group ever gathered together in one organization. And thus, having quickly rationalized himself into accepting this condition, he now ceases to worry about the repetitious use of superlatives.

One thing is certain... and that is that DeLuxe is in all respects a service organization. Last year it was privileged to make some few checks for 10,184 banks across the country. Consequently, it feels that it is attuned mentally and equipped physically to render any service involving the distribution of bank checks.



Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

stabilizing raw material prices. "Look at the wheat agreement," he replied. "If it were not for that, we should now be buying wheat far cheaper. It is fortunate that the original draft was not accepted by your Senate, or we should now be paying still more for wheat. Actually, we feel that we could benefit by rubber, cocoa, jute and other agreements with the U. S., fixing minimum markets and a range of prices. What makes our Government hesitate is the fear that your people will want as *quid pro quo* similar agreements for cotton and tobacco. In that case, we should simply be paying over to you whatever

we gained from the other commodity agreements."

JAPANESE PHENOMENON

Buried among the reports of European and other requests for American aid was the Tokyo dispatch early in September that Premier Shigeru Yoshida of Japan on the fourth anniversary of surrender broadcast to his people the recommendation that Japan repay all relief and rehabilitation funds poured into that country by the U. S. "It is no honor to a nation to rely indefinitely upon the generosity of another country. . . . We should pay back the

money we have received from U. S. aid funds," the Premier said. And he added that Japan should undertake the liquidation of its prewar foreign bonded debt. All this sounds like a voice from the very distant past.

OTHER WORLD NEWS

MEXICO is still in the running for a U. S. Government loan to its nationalized oil industry. . . . Efforts are still being made to obtain implementation of the bondholders agreement on Mexican railroad bonds in default since 1914. . . . The Mexican Government has announced smashing a ring which had been smuggling silver out of the country. . . . The Armour Research Foundation, reporting on five years' service to Mexico, announces among its technical contributions a new wax product worth \$20,000,000 a year in exports and dry tortilla flour acceptable to the Mexican public.

URUGUAY is not proving the haven for foreign holding companies envisaged by the authors of the law passed in June 1948. In Switzerland, that historic resting place for international hot money, the *Neue Zürcher Zeitung* cites as partial causes of the failure the lack of clarity about provisions of the law and doubts as to its constitutionality.

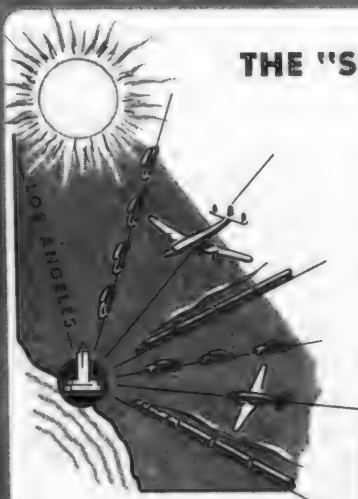
INDIA, which for years during the interwar period fought Britain bitterly and unsuccessfully for a lower "rupee ratio"—a cheaper rupee in terms of sterling—on the apparent eve of a new devaluation of sterling and revaluation of other currencies including the rupee is unconcerned. Most public expressions of Indian opinion today are against a lowering of the rupee ratio.

W

hen you delegate correspondence matters to us, you can be assured that they will be handled with a promptness and accuracy you can depend on—year in, year out.



American Security & TRUST COMPANY
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.
DANIEL W. BELL, President



THE "SUN RUSH OF '49"

As in the "Gold" rush of 1849—the "Sun" rush of 1949 combines tremendous population growth with dazzling natural wealth. Naturally, as in '49, far-sighted firms east of the Sierra Nevadas will turn even more of their financial attention toward the West. To help such expansions, Citizens Bank's 59 years of local banking experience is yours and your customers to command.



Member Federal Deposit Insurance Corp.



"I'd like to know where the people who live beyond their incomes get the money with which to live beyond their incomes!"

BANKING

A Round-the-World Glance at Business

(CONTINUED FROM PAGE 45)

For a different reason it is difficult to analyze the economic situations of the Near and Far East countries which were visited. Except for Turkey, all of these have obtained their independence only in the last few years. Their governments have not yet fully won public confidence and consequently their currencies are weak. In fact, on the whole trip Mr. Hemingway found hardly any country which could claim a balanced budget without figuring on outside assistance (usually from the United States) as an item on the credit side of the ledger. Their peoples have a constant desire to convert their money into goods, both because of inflationary hangovers from World War II and the fear of an uncertain future.

In Israel the currency has attained stability, but largely because of generous contributions from private sources in the United States. The country has made remarkable progress, but still has a long way to go. Its leaders are trying to bring about industrialization, but are hampered by limited natural resources. Another handicap is the constant influx of refugees, most of whom must be sheltered and fed at government expense in large relocation camps.

Mr. Hemingway said all 26 persons in his group felt that Turkey was the bright spot of the Near East—a country that is making steady progress under a sound government and is developing along democratic lines as rapidly as the

changes can be assimilated by the people. Turkey is largely a primitive agricultural nation and has the advantage of having been free from war for a quarter-century. It has been blessed by firm and intelligent leadership as a republic, first under Ataturk and presently under Ismet Inonu. It has improved its schools and colleges. It has gradually built up its agricultural economy and is now trying to utilize its mineral resources. Its people, intensely patriotic and unaggressive but ready to defend themselves, are determined to continue this improvement.

EGYPT's business conditions are slow, although the people are not suffering. The weakness in the market for long-staple cotton, the country's principal export, has hampered them considerably. The tourist trade, once a large part of the economy, has been slow also; there has been no big tourist season since the war. Like Israel, Egypt also has its refugees to care for—but these are Arabs who have fled from Israel and who have no hope for the future.

The major problem facing both Pakistan and India is the fact that they are separate nations, Mr. Hemingway said. Their economies should be complementary; Pakistan is largely an agricultural state whereas India has a fair amount of industry, such as steel, textile and jute mills. Yet these two

countries, which should be each other's best customers have erected an invisible tariff wall because of the bitter feeling between the Moslems of Pakistan and the Hindus of India.

India could solve some of its difficulties if it would adopt modern methods of agriculture in order to help feed its teeming population. In the long run, Mr. Hemingway thinks, the future of both countries will depend upon their ability to work together.

The Philippines are now in the process of converting to a semi-independent economy after many years of being a United States ward. The adjustment is made more difficult by the fact that immediately after the war large amounts of United States money poured into the Islands in the form of Army and Navy payrolls, veterans' bonuses and war damage payments which totaled something like a billion and a half dollars. This inflow of money is now tapering off and the Philippines must boost their own production and exports to fill the gap. Sugar and copra production are down; many coconut trees were destroyed during the Japanese occupation and the American invasion; and the market for manila rope almost disappeared during the war, when countries cut off from the Philippines were forced to develop substitutes. On the whole, however, Mr. Hemingway said, the Filipinos have done a good job of coming back and it is "up to them to

The Town Meeting party is shown at Karachi with some of India's cooperating committee. Mr. Hemingway is fourth from left



**our new
address...**



**Main and
Broadway!**

IN THE HEART OF OKLAHOMA CITY

**NOW BIGGER...and Better
Equipped to Serve You!!!**

City National BANK
AND TRUST COMPANY • OKLAHOMA CITY
BANKERS • FEDERAL RESERVE • INSURANCE CORPORATION

continue—the opportunity and the resources are there.”

Japan is accepting its defeat in good spirit, as far as a visitor can observe. The people are industrious, well behaved and apparently cheerful. Their case is somewhat similar to England's, in the respect that they must find a way to feed a population greater than the natural resources of their islands can supply. This is not easy in a world as upset as it is today. The occupation authorities have “purged” many businessmen and the Japanese must create a new management group to handle industrialization.

“One has a feeling that, if left to themselves, the Japanese would work things out some way,” Mr. Hemingway said. “They were the most advanced people we saw in the Orient. Their farms were like gardens.” But they cannot finish the job of self-rehabilitation as long as they remain under occupation, and the occupying powers cannot move out because if they did Russia would move in. As a result, the occupation may continue for some time and Japan has a long way to go to reach self-sufficiency.

JAPAN is also handicapped by the decline in its silk trade due to the development of substitute textiles such as rayon and nylon. There is a question whether it will ever come back. A government expert told Mr. Hemingway's party the country must find a solution by sale of its manufactured products to other Oriental countries in exchange for foodstuffs and raw materials, and also by development of its own merchant marine to replace the ships which were destroyed during the War.

Summing up, Mr. Hemingway said that there are plenty of countries which could pay for what they need today, but they must pay in their own currencies. Tariffs and a lack of demand on the part of their traditional customers are stifling trade and “things are badly out of gear.” His own suggestion is that trade barriers must be reduced as rapidly as possible to help these countries get in the black.

We'll bet the same fellow invented the telephone booth, breakfast nook and upper berth.

It's slow business making a man out of a monkey, but it's easy to reverse it:

Nations, like individuals, beat their swords into plowshares when they get all they want.



**TO GET
THE TRUE
FINANCIAL
PICTURE**

Original cost is past tense—Replacement cost is present tense. A “Replacement Reserve” established and maintained by appraisal provides control on both bases.

**The AMERICAN
APPRAISAL
Company**

*Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES*

**Every EXECUTIVE
SHOULD HAVE THIS
FREE BOOKLET**



**TELLS HOW
TO RELAX
IN COMFORT
AT WORK**

**HOW TO
IMPROVE
YOUR
BODY
AS YOU
SIT**

MAIL COUPON

A valuable daily guide for busy office executives. Important, helpful suggestions and information for daily use and reference by men who are interested in their “Physical Fitness and Personal Appearance.” Write for this free book. No obligation.
DOMORE CHAIR COMPANY, INC.
Dept. 1029, Elkhart, Indiana

Send the new, FREE booklet, “Physical Fitness and Personal Appearance”... at no obligation.

Name _____
Address _____
City _____ Zone _____ State _____
Company _____ Title _____

**BANQUE
DE
BRUXELLES**



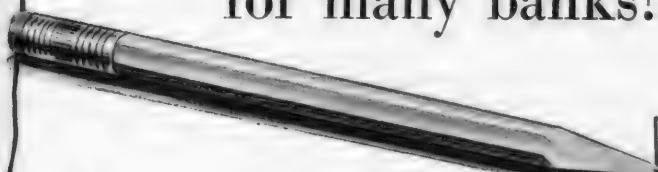
*Founded in 1872 is glad
to offer quality cooperation*

**TO AMERICAN BANKS
INTERESTED IN FOREIGN
TRADE WITH BELGIUM**

BANKING

What's your score...

a test that can
make money
for many banks!



1. Do you enter *all* of these on one machine: Incoming mail? Counter items? Clearing list?
2. Do you have *positive* identification of every credit item? (Through a date, deposit number, classification number, and amount printed on each incoming letter and clearing list.)
3. Do you have *centralized* control of every department? (Compiling all proof figures at one source and on one machine.)
4. Do you have *automatic* accuracy? (With a proof system that shows if a deposit is incorrect, that prints the amount of the error, and that provides controlling figures instantly.)
5. Do you correct errors *mechanically*? (With a mechanical lock enforcing correction of errors and preventing entry of next deposit until error is corrected.)
6. Do you have accurate, *directed* sorting? (Speedy distribution of items with shutter-directed accuracy and seven individual tapes to save relisting of items.)

YES	NO

If you score even a *single* NO, you need a National Proof System!

Experience has proved that the National Proof System increases proof department efficiency, permits a smooth flow of work to all other departments, and saves money at the same time.

There's a National for every bank and every banking job.

Regardless of the size of your bank, there's a National System to meet your every banking need... not only in the proof department, but in all departments. Call your nearest National representative, or write to the Company at Dayton 9, Ohio.



This 64-page, illustrated booklet describes the National line for banks. Get it FREE from your National representative. You'll find it most interesting and useful.

National
ACCOUNTING MACHINES
CASH REGISTERS • ADDING MACHINES

THE NATIONAL CASH REGISTER COMPANY

October 1949

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Banks and the College Graduate

(CONTINUED FROM PAGE 35)

with industry. Progress is slow, and a preference is given in top management positions to men who have so-called "proper contacts."

The dean of the school of business of one of the largest midwestern universities wrote:

"Students are still not very enthusiastic about banking in comparison to other lines of work, even though banks are willing to pay and do pay as high salaries as other businesses; there are still some holdover, unfavorable impressions of banking as a career."

The dean of a southeastern university wrote:

"For a good many years commercial banks have not offered attractive opportunities to college graduates. At the present time, however, opportunities for advancement are being offered through special training classes."

Observations made by the dean of the business school of a well known large southern university were:

"We have made repeated contacts with bankers in the state but have not been able to convince them, as yet, that beginning banking salaries should at least be on par with beginning salaries in J. C. Penney, Montgomery Ward, American Telephone, and so forth. I should say that the principal reason students do not go into commercial banking is that of salary. Coupled with this, of course, is the fact that well trained students entering the field of banking do not seem in any sense to be earmarked for management positions. In other words, bankers themselves do not seem to be thoroughly convinced that the college-trained man in the field

of banking is a really superior man. I think, perhaps, that the heart of the entire matter lies in a lack of emphasis upon a modern personnel policy by the managers of our banking institutions. Leading corporations have long since placed far more emphasis upon the initial hiring of college men, sending entire teams of personnel men to our campus for the purpose of making the best selections. I believe that, when bankers in general awaken to the possibility of a sound and adequate personnel policy and to the importance of proper selection of new personnel and the earmarking of outstanding men as prospective bank managers, they can then afford to back their judgment with better beginning salaries."

In many banks compensating bonuses are given to employees, but this does not create a scale of wage payments which visibly competes with the wages paid for similar occupations in other fields. Also, a bonus system does not guarantee a definite salary, but is indefinite in the calculation of yearly income.

Banks Have a Story To Tell

The fact is not widely known among college graduates, or sufficiently impressed upon them, that many large banks are developing programs of selecting and training men to fill executive positions.

Although this survey indicates that there is no general trend of interest by college graduates in banking as a professional career, it is probable that a favorable trend can be created by visible proof that modern, progressive banks are equalling other American business enterprises in offering competitive salaries and opportunities.



The
**M. A. GERETT
CORPORATION**
Milwaukee 5, Wisconsin
Cordially Invites You
To Visit
BOOTH NO. 3



Palace Hotel ABA Convention October 30th—November 2nd



Where there will be on display several hundred Calendar-Banks individually designed for leading banking institutions throughout the United States.



Making an Audience Sit Still

(CONTINUED FROM PAGE 41)

preservation of ideals—such things command our attention.

(2) *Property.* Most of us are acquisitive. We want things. We want to own. The speaker who can tell us how to buy, what to buy, how to save our money will hold attention.

(3) *Power.* The speaker who can tell us how to be more successful, how to earn more money, and how to gain control over ourselves will make us listen. The speaker who will show us how important we are, or who will show us how to be more important will get and hold our attention.

(4) *Reputation.* We have reputations to maintain and the speaker who will show us how to develop these and keep our reputations among our fellow men will keep distractions on the run. Our prestige is important. The prestige of the organization we work for is our concern.

(5) *Taste.* We are motivated by our likings and our dislikes. We are attracted by certain colors and distracted by others. We buy one suit rather than another because of our taste. Our companions are determined pretty largely by our taste. What does your audience like?

(6) *Sentiment.* Appeals to patriotism, country, school, college, home, and the place where we work will hold attention. We have sentiment for things and affection for people.

(7) *Affection.* All of us are bound together by affection. We learn to respect, to venerate the ones with whom we associate. The speaker who knows this will touch the emotions of his listeners and hold their attention.

Furthermore, we will get and hold attention if we talk about the experiences of our audience. The words we use

must be the words that will recall the experience of the audience. What we say must not go over their heads. We say that the audience must take to heart what we say, and what we mean is that they must find an echo in their own experience of what we are saying. We must get a reaction from the audience.

Tie Up with Audience's Experiences

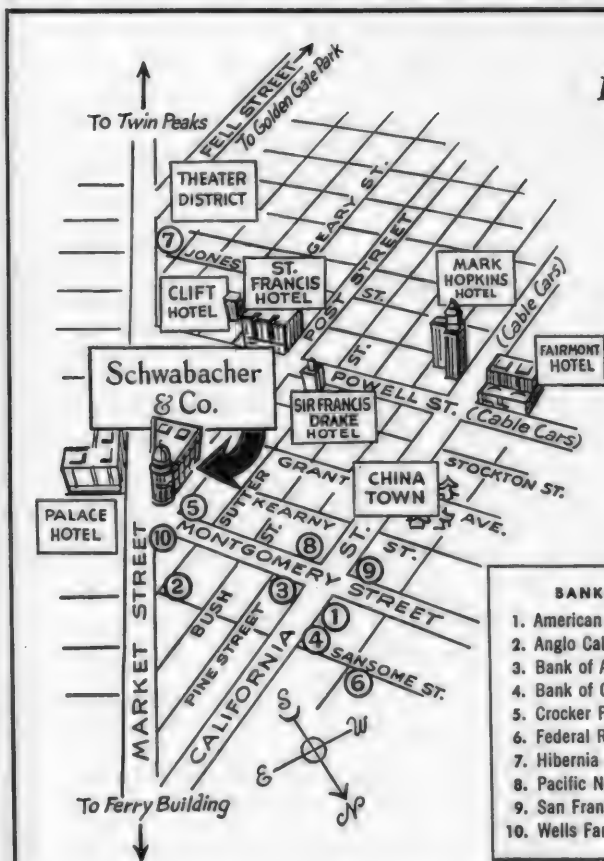
The principle of reference to experience is valuable to the speaker: *The more the speaker comes within the vivid experience of the audience, the more likely will he be to get what he wants.* The factors governing this reference to experience are the laws of memory:

(1) *The originally intense.* Any experience, like an operation, a car crash, going to school on the first day, losing one's money in a depression, will never be forgotten. This makes good material for the public speaker.

(2) *The frequently experienced.* What does the audience do frequently? What are its habits? Reference to these experiences will get and hold attention.

(3) *The frequently recollected.* Some experiences of life keep coming back. They persist in memory. What are these experiences that you and the audience share? What you remember from the past will be most likely what the audience will remember. These are the significant happenings of the past.

(4) *The recent.* The speaker who refers to what happened today or yesterday, what appears in the headlines of the newspapers, or what is being talked about on the radio will gain and hold attention. The audience is pleased that you know the same things they do. Names and places will hold attention. Be specific.



During your stay in San Francisco

Call SUTter 1-5600

for QUOTATIONS and
MARKET INFORMATION

We are members of the New York Stock Exchange and Chicago Board of Trade and other Exchanges, and have private wire connections with the principal cities of the United States and Canada.

OUR OFFICE OPENS AT 7 A. M.

We welcome your use of our facilities

Schwabacher & Co.

Established 1919

INVESTMENT SECURITIES

Members

New York Stock Exchange
San Francisco Stock Exchange

Montgomery at Market

San Francisco 4

Telephone SUTter 1-5600

BANK DIRECTORY

1. American Trust Company
2. Anglo California National Bank
3. Bank of America N. T. & S. A.
4. Bank of California N. A.
5. Crocker First National Bank
6. Federal Reserve Bank
7. Hibernia Bank
8. Pacific National Bank
9. San Francisco Bank
10. Wells Fargo Bank

Ad Campaigns That Pulled

THE 1948-49 campaigns of two banks and one investment firm are included in *The Blue Book of Newspaper Advertising*, published by the Bureau of Advertising, American Newspaper Publishers Association. Colonial Trust Company of Pittsburgh, the Troy (New York) Savings Bank, and Merrill Lynch, Pierce, Fenner & Beane of New York are the financial advertisers' campaigns cited in the annual.

Colonial Trust had four objectives

when its newspaper program was developed: (1) to attract large industrial and commercial accounts by utilizing success stories of present customers to demonstrate the bank's complete facilities; (2) to "humanize" bank officials by depicting their extra-occupational activities; (3) to sell the bank's services by personalizing them in terms of the people responsible for them, and (4) to increase the interest of the bank's own employees in their jobs.



TO BANKS INTERESTED IN
FOREIGN REMITTANCES

THIS YEAR as in the past years Americans will send millions of dollars abroad as Christmas Gifts to relatives and friends.

We offer an easy-to-operate foreign remittance service to banks that do not maintain direct overseas connections. Our service is complete. We furnish the necessary money order and draft forms, advertising copy, posters and circulars, and suggest solicitation methods. Our forms, which are supplied free of charge, are simple and easy to use.

Orders entrusted to us are forwarded direct from Chicago to the country of destination. Our drawing facilities enable our bank correspondents to issue checks on all important cities throughout the world.

We will be happy to send you, without obligation, complete details of our foreign remittance service.

**AMERICAN NATIONAL BANK
AND TRUST COMPANY OF CHICAGO**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

LA SALLE AT WASHINGTON



Through Ketchum, MacLeod, & Grove, Inc., the bank ran an editorial-technique campaign in three weekday papers, plus full-page rotogravure ads in two Sunday papers, on an average frequency of twice a month. The Colonial reported evidence of keen interest in each ad. Several large commercial accounts were opened at the bank as a direct result of the advertising.

Seeking to gain goodwill and new depositors through a campaign based on various manifestations of harmonious relations between the United States and other nations in the western hemisphere, particularly Canada, the Troy Savings Bank ran monthly advertisements in three daily and three weekly newspapers in Troy and four nearby cities.

Although the question of new deposits was subordinated to the major theme of international good relations in all the ads, the bank reported, the effect of each ad was to bring in inquiries which later led to new accounts. In the entire year deposits increased 9.3 percent as compared with a statewide average of 5.3 percent for savings banks. The number of depositors increased 6.09 percent, against a state increase of 2 percent. The agency was Doremus & Company.

"What Everybody Ought to Know About This Stock and Bond Business" was the headline on one of the full-page ads placed by Merrill Lynch, Pierce, Fenner & Beane, New York. Prepared by Albert Frank-Guenther Law, Inc., the year-round campaign was placed in 150 newspapers in the 100 cities served by the firm's 98 offices from coast to coast. In addition to re-awakening the interest of present customers in reviewing security holdings and making changes in the light of present business conditions, the investment house credited the advertising with obtaining at least half of its 48,600 new accounts in 1948.

Chosen from campaigns submitted in answer to the Bureau's annual invitation for entries, the case histories making up the annual represent 40 different agencies at work in 15 classifications of national advertising.

An intelligent man seldom has to prove it.

The evil that men do makes jobs for the history professors.

Some youngsters don't stay around home long enough to be homesick when they leave it.



Faster check clearances for your bank too!

Mail planes travel *fast*. And check collections are just as *fast* for The Pennsylvania Company's Correspondent Banks.

We're one of the nation's largest users of Air Mail for this purpose. And because our Transit Department operates 24 hours a day, our Correspondent Banks are assured of quick, efficient

clearance of *all* transit items at all times.

Why not enjoy this special service for your bank? We'll tell you more about it if you drop us a line. Better still, stop in to visit when you are in Philadelphia. You'll sense at once the friendly feeling that exists between The Pennsylvania Company and its Correspondent Bank "family."

19 OFFICES

PHILADELPHIA

MEMBER FEDERAL RESERVE SYSTEM

**THE
PENNSYLVANIA
COMPANY**

for Banking and Trusts

FOUNDED 1812

FEDERAL DEPOSIT INSURANCE CORPORATION



Can you afford Not to read this new booklet?

*"Every bank—your bank—
has relations with the public. The quality
of that relationship will go a long
way toward determining the degree of success
your bank may achieve."*

No modern bank can afford to ignore public relations.

This new booklet, published by the non-profit Financial Public Relations Association, will help you determine, quickly and easily, how well your bank is doing in this vitally important field.

You'll read it quickly—but you will find it thought-provoking and stimulating. It has been made possible by the cooperation and guidance of many of the leading financial public relations men of the country, yet it is yours without charge. Simply write, on your bank's letterhead, for your copy.

WRITE FOR YOUR COPY TODAY

Financial Public Relations Association

231 South La Salle Street, Chicago 4, Illinois

**Some of the Questions
You Will Find Answered
Here:**

- What do "public relations" mean to you?
- How much should your bank tell the public—about policy—about services—about functions in the community?
- How much should your bank spend for advertising?
- Do you know what people *dislike* about your bank?
- What is your attitude toward the "bank across the street"?
- Should your bank's public relations be directed by the president?—some other officer?—a specially trained employee?
- What would you do to offset unjustifiable, malicious criticism of your bank?
- What is the prime objective of a sound public relations program?
- What can your bank do to reach that part of your market which is not using banking services?
- How will you measure the success—or failure—of your bank's public relations program?

Telephone ST ate 2-5547

Trust Department Cost Accounting Procedure

Recommended Cost Accounting Procedure for Trust Departments, a considerably expanded revision of an earlier publication, is the title of a 72-page handbook prepared by the Committee on Costs and Charges of the American Bankers Association's Trust Division, of which Robert A. Wilson, vice-president of the Pennsylvania Company for Banking and Trusts, Philadelphia, is chairman.

This study includes recommended cost accounting procedure for (1) a small-sized trust department; (2) a trust department regardless of size; (3) a personal trust account in a small bank; and (4) a personal trust account in a medium-sized bank. The procedure outlined in this book makes it possible to determine, not only the trust department earnings as a whole but also the net earnings of each division, such as estates, personal trusts, and personal agencies. Also, classification of actual expenses makes it possible to allocate such expenses to a particular trust account on both an activity and a unit basis, so as to determine the amount of profit or loss on any particular account.

The various steps suggested for determining costs are copiously illustrated.

In announcing the new handbook to Trust Division members, President H. M. Bardt states:

"You, of course, realize the vital importance of basing your charges for trust service on the actual cost of doing the work, plus overhead expenses, and a fair profit. You may have a cost system in effect which is more or less satisfactory. The present book, however, presents some new yardsticks for measuring such costs accurately, based on many years' accumulated experience in determining trust department costs.

"It is my sincere view that the most immediately pressing job before our trust departments today is to check our trust costs—first, for the trust department as a whole, and, next, for each personal trust account. Without this information we cannot operate soundly and profitably."

Chapter II of this study discusses "Recommended Cost Accounting Procedure for Trust Departments Irrespective of Size" and gives a good overall preview of the committee's recommendations. Generous excerpts from the portion of this chapter dealing with expenses are reprinted herewith. The balance of the chapter, which discusses "Income of the Trust Department," will appear in the November issue of BANKING.

It should be recognized by every executive, comptroller, and accountant that it is possible to arrive at substantially accurate costs of operating any-sized trust department; provided the analyst proceeds in a logical and precise manner and that he arrives at his conclusions in complete loyalty to the truth.

A cost system to be of value must include in its base every possible item of expense incurred in operating the entire bank. It requires that the aggregate of the cost figures to be apportioned to various departments must prove to the expense accounts carried on the general ledger, after allowing for adjustments made to reflect the expenses more accurately. Such adjustments might represent the difference caused by the inclusion in the cost figures of depreciation of equipment and other capital assets, which assets for book-keeping purposes have been charged off to expense, or they may include such

items as the portion of insurance premiums paid that pertain to future periods. This fundamental of cost accounting does not mean that it is necessary to maintain on the general ledger a wide distribution of expenses. It does mean, however, that either a subsidiary record must be maintained showing the allocation of expense items as booked or that a detailed analysis of expenses must be made at the time of preparing cost reports.

Classification of Expenses

It depends a great deal upon the policy of the bank and upon its size or type of organization whether or not a detailed system of expense classification is in effect. However, generally most of, if not all, the items of expense shown in the following illustration will be found on the accounting records of a bank:

SALARY EXPENSES: Officers, all others.

EXPENSES RELATED TO SALARIES:

Bonuses or cost-of-living payments, fidelity bond premiums, group or other life insurance premiums, lunches and suppers, other employee benefits, overtime payments, retirement system contributions, severance allowances, sick-leave allowances, Social Security and unemployment insurance assessments, and workmen's compensation, etc. premiums.

OCCUPANCY EXPENSES: Maintenance and occupancy expenses, and rent.

OTHER EXPENSES: Advertising, armored car and other protective services, directors' and committee fees, donations, examinations, Federal deposit insurance, Federal and state banking, and other banking fees, furniture and fixtures, depreciation and repairs, legal and professional fees, postage, subscriptions and dues, supplies, tabulating and other machine rentals, telephone and telegraph, travel, conferences, etc., and miscellaneous.

This list is representative of the expenses that must be analyzed and allocated to the various bank departments and divisions. Although the number of subsidiary expense records required for cost purposes would depend upon the size of the bank, every bank should maintain at least a distribution of salaries by departments.

Earning Divisions

For the purpose of this study the trust department would be subdivided into its principal earning divisions. The number of these divisions would depend entirely upon the size of the trust department. In many banks the trust department would comprise the following: Estates Division (executorships and administratorships), Personal Trusts Division (trusteeships under will, living trusteeships, guardianships, conservatorships, and pension trusteeships), Personal Agencies Division (safekeeping agencies, custodianships, and managing agencies), Corporate Trusts Division (bond trusteeships, bond registrarships, depositoryships, coupon-paying, bond-paying, and other corporate agencies), Stock Transfer Division (stock transfer agencies, stock registrarships, and dividend-paying agencies).

In the larger trust department these major earning divisions should be further subdivided; in unusually large

banks many of the sections which are shown as grouped under one divisional heading would themselves be large enough to become major earning divisions. As an example, the corporate trust division of a very large bank might have subdivisions, showing the costs of operation, and the earnings, from the following sources: bond trusteeships, bond registrarships, coupon-paying agencies, bond-paying agencies, and other corporate agencies. Since the income and the expenses in connection with each of these sources are substantial, management should know the facts concerning each.

Allocation of Expenses

The succeeding recommendations for allocating, or prorating, the items of expense are based on generally accepted cost principles. Occasionally the opinions of individual analysts will differ with respect to some of the bases suggested, but for the purposes of a uniform system this difference of opinion must of necessity be waived.

Ideally, the entire bank should be cost analyzed and, in that event, expenses would be allocated to each major earning department and, in turn, to each division and section of each earning division. If a complete cost study of a bank is made, the determination of trust costs is simply a further analysis of all expenses assigned to the entire trust department into the several divisions and sections involved.

In the event that a full cost study of the entire bank is not made, it is still possible to obtain trust department costs. While this also requires the analysis of the total expenses of the bank, a detailed study is necessary only in the case of the expenses pertaining to the trust department and to determine the amount of overhead expense to be allocated to the trust department. Under this procedure all expenses for commercial, savings, foreign, and other income-producing departments of the bank, are included in one group with no attempt to determine separate figures for each department or division within each department. Only through an analysis of all the bank's expenses on this basis can one be certain that the trust department has been charged with its proper proportion of all the direct expenses of the bank and with its proper share of the bank's indirect, or overhead, expenses.

The first step in preparing a cost statement for the trust department on this basis is to allocate the total ex-

penses of the bank to the following classifications: Estates, personal trusts, personal agencies, corporate trusts, and stock transfer divisions, all other bank departments (in total) and general administration.

(EDITOR'S NOTE: At this point several pages of the study are omitted. These pages are devoted to a discussion of the methods of allocating specific expenses incurred by a trust department.)

On completion of this step the analyst will have figures for the total cost of operating each division of the trust department; for the total cost of operating all other income-producing bank departments; and for the total general administration, or overhead, expenses covering the bank as a whole, which must be distributed to the various divisions of the trust department and all other bank departments.

A Further Short-Cut

There is, however, a further short-cut method that may be used. While an allocation of the total bank expense is necessary in order to obtain accurate figures on the amount of overhead expense applicable to the trust department on a reasonably accurate basis without making this complete allocation. This is accomplished by taking from the various expense accounts only those direct expense items chargeable to the trust department, and adding an amount representing overhead charges determined on the arbitrary basis to be described. . . .

Apportioning Expenses

In the following discussion of expense allocation the term department is used to represent all the income-producing and service departments of the bank. The trust department is further classified as to its various divisions.

The fundamental theory underlying the allocation methods to be described is that the various types of expenses applying to personnel, such as salaries, expenses related to salaries, rent, and depreciation, can be prorated to the various departments and divisions of the bank, including the divisions of the trust department, in accordance with the time allocation of the employees involved. If an employee or group of employees handles work pertaining to only one division, 100 percent of their time and expenses is charged to that division. In the case of employees handling work pertaining to several divisions, the salaries and related expenses, occupancy costs, depreciation

on the equipment used, and other expenses applying to these employees are allocated to each division on the basis of the percentage of the time of these employees spent in handling the various activities. These time percentages can be established by detailed time studies, volume-of-activities count, or reasonable estimates.

Methods of Allocating Overhead

The expenses charged to general administration are those which are usually termed overhead. These overhead expenses comprise that portion of executive officers' salaries not directly allocable to the divisions, the unallocated portion of directors' and committee fees, institutional advertising, donations, and other undistributable expense, and the total expenses of comptrollers, auditing, mailing, vault, and all other service departments operated for the purpose of assisting the major earning departments. The allocation of these overhead expenses may be made by any one of the following three methods:

Method (1) The total of the general administration or overhead expense is allocated to the divisions and the departments according to the total direct expenses of each. The per-dollar factor to be multiplied against the total or direct expenses of the trust department is determined by computing the percentage that the total general administration expense of the bank is of the total of all other expenses of the bank.

Method (2) This method is based on the use of an arbitrary 15 percent overhead factor. This figure would be used by those banks that make no attempt to distribute all the bank's expenses and thus do not determine the actual amount of general administration or overhead expenses. In such banks these overhead expenses can be considered as representing 15 percent of the direct operating expenses of the trust department, and this 15 percent is therefore the overhead factor to be used to determine the total expenses of the operating divisions of the trust department.

This figure was derived from studies of representative banks in various parts of the country conducted by the Committee on Costs and Charges over a period of years, which indicated that, under ordinary circumstances, the total of general administration or overhead expenses chargeable to the trust department would average 15 percent of

(CONTINUED ON PAGE 126)

The year that got away—



LONG AGO, he'd planned the year, the day, the hour of his retirement.

But now, a year beyond that date, his desk is still open . . . the weekday trout still in the brook.

What happened? Unexpected expenses . . . Nickie starting college . . . the last of Mom's hospital bills. He never really figured it out. But the happy day he planned was no longer in sight.

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its direct operating expenses. Subsequent studies in several eastern banks by public accountants have tended to confirm the approximate accuracy of this rate.

Method (3) This method which is particularly applicable to the larger banks having service departments, involves a detailed analysis and allocation of these overhead expenses, especially that portion representing service department expenses. By this method a more exact allocation of overhead is realized in that

the proportion of these expenses allocated on the more arbitrary basis of per dollar of direct expense is greatly reduced.

A description of this more detailed method of allocating overhead follows.

Allocation in Large Department

In the larger banks, service departments become an important cost factor, and the allocation of their total expenses to the operating departments and divi-

sions on the basis previously described (Methods 1 and 2), will not yield as accurate results as may be attained by a more detailed analysis. The objective of this detailed analysis is to determine and to allocate that portion of the total expenses of each of the various service departments that applies to the various operating departments and divisions on the basis of the amount of service rendered. This specific allocation of most of the service department expenses will result in the reduction of the amount of overhead expense to be distributed, on a per-dollar-of-expense basis, to a much smaller figure.

A series of work sheets will be necessary in order to distribute these overhead expenses on this more exact basis. The purpose of these work sheets is to accumulate the total expenses chargeable to each service department and to determine the residue of expenses of an undistributable nature that must be distributed on an arbitrary basis. The totals of these overhead classifications should be allocated to departments, on the bases to be described; and a recapitulation work sheet should be prepared, which will furnish the total amount of overhead to be added to each department's direct expenses.

Recommended Cost Accounting Procedure for Trust Departments, will be available upon request at the cost of publication, early in October. Orders should be sent to the Trust Division, American Bankers Association, 12 E. 36th Street, New York 16, New York.



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Radio programs have added many words to the radio listeners' vocabulary, but there are some of them you wouldn't dare print.

When a bridge game ends early for lack of gossip, the morals of the town must be good.

Misery loves company, but company doesn't love misery.

The scientist who said there is no limit to space must never have parked a car.

Between wars nations need armament to show what they could do if they went to war.

Washington

(CONTINUED FROM PAGE 47)

It is noted that there was little opposition to reversing the reform instituted by the 80th Congress, of diminishing the size of the secondary RFC market on home mortgages. In a sense the RFC secondary market becomes a half brother to a direct loan, since originating mortgage lenders often make loans with the very thought they can shift them to Government.

Actually this Congress appeared in the main to be in favor not only of a large expansion of the secondary market, but of several other direct loan aids for housing.

Then, too, those who favor special Government "credit" facilities to finance small business, as well as many of those who are inclined to favor large-scale Government investments in industrial expansion, are not convinced that the RFC is the agency which they wish to settle upon to carry out their diverse objectives, because of its relative conservatism.

Nevertheless, unless the President alters drastically his modus operandi, he will not forget that he recommended expansion of RFC, and will press it once again.

In connection with proposals to broaden the RFC, a new idea has been offered by Senator J. William Fulbright of Arkansas, chairman of the RFC subcommittee of the Senate Banking Committee.

By law Congress requires a certification from the Interstate Commerce Commission before RFC can lend a railroad money, from the Civil Aeronautics Board before it can lend to an airline, and would require a certification from the Treasury as a condition precedent

to any loan to an insurance company.

This should be changed, Senator Fulbright says. A certification tends to become a directive. He is thinking particularly of the early postwar housing law days, when it was a directive and when for a time RFC bucked making a loan recommended by a Housing Expediter.

Senator Fulbright has introduced a bill which would make it clear that while RFC could have access to the information which these regulatory agencies had about any of the borrowers under their supervision, RFC would use its own business judgment

and be bound in no way to accept a recommendation from any regulatory agency that a loan be made.

FRB Against Expansion

In a letter to Chairman Maybank of the Senate Banking Committee, the Federal Reserve Board made it clear that it agreed with the position which the A.B.A. had taken against the RFC expansion bill. S. R. Carpenter, secretary of the Board, wrote that the Board's position was that Government lending should be restricted to times of emergency. Encouragement of employment through lending should take place

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through private banking channels, the Board advised.

Budget Will Be a Major Controversy

Even if Congress comes no nearer a definite settlement of the question next year than it did this year, the size of the Federal budget will become an even sharper subject of controversy in 1950. The President is expected to propose expenditures of \$42-billion, despite a diminished Treasury income.

Congress did not quite come to grips with economy this year. The one economy drive to get any substantial backing was the proposal of Senator John L. McClellan, chairman of the Expenditures Committee, that the President be directed to save from 5 to 10 percent of all appropriations. The President, of course, was opposed to this. His Senate leaders declined to let it come to a vote. When it was offered as a "rider" to the military appropriations to get it considered, the Vice-president, presiding over the Senate, ruled it out of order.

It takes a two-thirds vote to overrule the chair. The motion to make the economy rider stick failed to get the two-thirds majority by only three votes.

Nevertheless, the future significance of this vote is that, at least in the Senate, a substantial majority registered itself on the record as favoring economy with a view to diminishing the size of the current year's prospective deficit.

In the House there was no major test vote of a comparable character. It is presumed, however, that if given the chance the House, like the Senate, would vote a good working majority for economy.

Both Houses feel overwhelmed with the fantastic detail involved in the many appropriations bills. They feel at sea in trying to determine just where and what large cuts can be effected in a budget of over \$40-billion.

Nevertheless, there is a large, quiet determination among conservatives to give battle next year on economy. Their cause will be aided somewhat by the mechanical device to be put into operation for the first time next year, of the single appropriation bill. No appropriation will finally be sent to the floors of Congress for approval until the total of all appropriations is ready for approval. If Congress remains determined to economize, this mechanical device will be helpful.

Conservatives also count upon considerable support from many "liberals" who, while ordinarily addicted to spending programs, are beginning to fear the total effect of the uncontrolled deficit financing which is now threatened. Working against them is the firm opposition of the White House, as well as the election year fear of cutting Government employees off the Federal payroll.

The Taxing Side

It almost seems sure that there will be an equally big legislative tussle on the taxing side of the budget picture. Just where the President will finally line up next year on this question few persons are able to guess at present, of course. However, it is said at the Capitol that it would not be surprising if, it being an election year, the President supports some form of tax reduction which would enhance the popularity of Administration supporters at the election.

Conservatives, on the other hand,



are leaning toward the strategy of promoting aggressively the idea of tax reduction directed along such lines as would encourage business to expand and maintain employment. They talk of an abatement of double taxation of corporation income, of a longer loss carry-forward provision, of more rapid depreciation of plant and equipment, and so on.

There is a feeling that it is better to speak out aggressively for business incentive tax reduction now than to fight later a rear-guard battle against schemes which would do little good, and possibly positive harm, to private business management. They refer to such tax reduction schemes as raising the exemptions, increasing estate and gift taxes, and perhaps raising corporation income taxes or taxes on middle income groups.

Bank Investment Outlook Involved

This budget battle, of course, will affect the prospects for issuance of new securities by the Treasury. By a combination of a much larger sale of tax notes and increasing weekly bill issues, it appeared that the Treasury would avoid a new money issue until some time in calendar 1950.

Tax reduction without economy would naturally swell the size of the prospective deficit and the volume of new financing. Economy without tax reduction would achieve the opposite result. Should both economy and tax reduction succeed, there probably would remain a deficit, albeit not as large as it would be if the conservatives did not fight to lower expenses.

Crop Insurance a Government Experiment

Almost unnoticed by the general press was the extraordinary result of another experiment of Government in business. Congress this year wrote down \$73-million of the Federal Crop Insurance Corporation's capital losses. During the nine years the experimental crop insurance program has been in operation, indemnities paid to farmers for losses have exceeded premium income in seven of the nine years, hence the aggregate capital loss of \$73-million.

However, this performance was exclusive of administrative costs, borne by the Government and not by the insured farmers. These costs aggregated in excess of \$50-million.

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poor business record, Congress provided for a large, progressive annual expansion until 1953 in the size of the experimental crop insurance program. The Department of Agriculture said that Secretary Brannan of the Department sees this crop insurance as "a business proposition."

There is little reason to believe that Government lending to business would vary from this standard as a "business proposition."

81st

consecutive dividend

A quarterly dividend of 40c a share, plus an extra dividend of 5c a share, has been declared on the common stock of this company, payable on October 1, 1949, to shareholders of record September 7, 1949.

R. E. Horn, President • Aug. 25, 1949

ABBOTT LABORATORIES
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Safeway Stores, Incorporated

Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on September 1, 1949 declared quarterly dividends on the Company's \$5 Par Value Common and 5% Preferred Stocks.

The dividend on the Common Stock is at the rate of 30c per share and is payable October 1, 1949 to stockholders of record at the close of business September 16, 1949.

The dividend on the 5% Preferred Stock is at the rate of \$1.25 per share and is payable October 1, 1949 to stockholders of record at the close of business September 16, 1949.

MILTON L. SELBY, Secretary.

September 1, 1949.

THE TEXAS COMPANY



188th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 75¢ per share or three per cent (3%) on par value of the shares of The Texas Company has been declared this day, payable on October 1, 1949, to stockholders of record as shown by the books of the company at the close of business on September 2, 1949. The stock transfer books will remain open.

ROBERT FISHER

August 12, 1949

Treasurer

Export-Import Guarantee Raises Skepticism

Congress was openly skeptical of the President's proposal that the Export-Import bank be empowered to guarantee private U. S. investments abroad. The objective of this proposal was to induce U. S. citizens to invest in the development of "backward areas" abroad, as proposed by the President in "Point IV" of his inaugural message.

As critical congressional observers see this proposition, there are several factors currently hindering private American investment abroad. These include the danger of expropriation or nationalization, discrimination against foreign investments, currency restrictions which interfere with realizing returns to the U. S. investors, and political instability. These same hindrances were seen by Treasury Secretary Snyder.

The proposed guarantee, officials said, would apply only against nationalization without adequate compensation, the currency transfer difficulty, and possibly war destruction.

Officials have said they would, as a condition precedent to guaranteeing any investment in any country, obtain from that country an investment treaty guaranteeing against nationalization of U. S. investments, clearing the way for transfer guarantees, and also binding the foreign country not to discriminate against either guaranteed or non-guaranteed investments of Americans.

Members of Congress said that if such guarantees could be obtained from foreign countries there would be little point in the U. S. guarantee of the investment. Rep. Christian Herter, Massachusetts Republican, and one of the foremost supporters of the Administration's foreign policy, said that under such circumstances a Government guarantee of the U. S. private investment would actually be a mistake. The offering of the Government guarantee in advance, he advised, would encourage foreign governments to undertake an investment treaty with the thought that the promises to protect U. S. investments against discrimination and expropriation could later be repudiated.

FDIC Assessment Cut

With or without the approval of the Federal Deposit Insurance Corporation, Congress is likely to consider next year the proposition of lowering the assessment rate for deposit insurance.

With FDIC approval, a reduction in the rate, together with possibly a boost

in coverage to, say, \$10,000, is likely to be approved by both Houses with the greatest of ease. This action could be taken notwithstanding the modernization by FDIC action alone, and requiring no congressional approval, of the assessment base.

Without FDIC approval of a lowered assessment and an increased coverage, these would have a more difficult time. Nevertheless, even if FDIC declines to go along, certain senators mean to try to get congressional approval for either or both of these propositions.

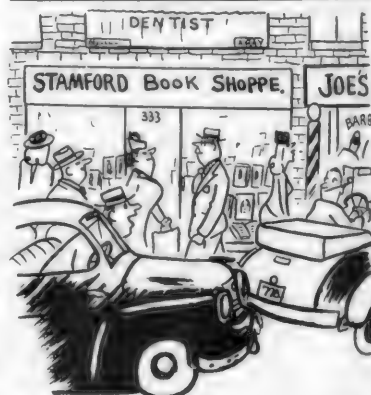
Savings and Loan Practices

Members of the Senate Banking Committee are disposed to make rather an elaborate study, complete with public hearings, of what is said to be the Home Loan Bank Board's policy of encouraging Federal savings and loan associations to identify themselves, in advertising, with banking institutions.

Observers considered as a rare occurrence in government the action of the Home Loan Bank Board in turning down the request of the chairman of the Senate Banking Committee that the regulations authorizing the competitive advertising by savings and loans be postponed from the effective date of August 15.

The action of the HLB in refusing to defer the controversial regulations at the request of the chairman of the committee went a long way toward insuring that the committee will check into HLBB policies rather thoroughly. It was also a factor in deciding the Senate committee to forget, this year, legislation desired by the HLBB.

Only a serious legislative traffic jam next year could cause the committee to skip its proposed study of Home Loan Bank Board policies.



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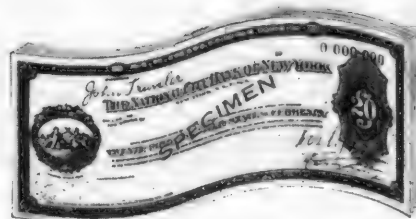
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Business Aids

EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



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fulness of exhausting as much or more than one-half of costly conditioned air just to get rid of an infinitesimal amount of impurities.

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HOW TO GET THAT WONDERFUL FEELING OF SECURITY. By J. K. Lasser and Sylvia F. Porter. A 72-page book which reviews the changing financial problems of an average family, and lists six items for consideration to determine the family's financial status. Spaces are provided for the reader to pencil in his own data and each of these subjects is discussed in chapters headed: "Savings Accounts," "Social Security," "Government Bonds," "Corporate and other Bonds and Stocks," "Home Ownership," and "Life Insurance". Reference to the life insurance needs of every family is interestingly explained through the use of "analagraph" charts so that the reader can plan intelligently for the financial security desired for himself and his family. Write to the *Mutual Benefit Life Insurance Company, Newark, New Jersey.*

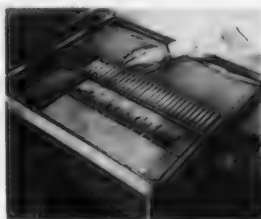


BLENDED BEAUTY FOR YOUR HOME, a 22-page booklet, handsomely illustrated in full color, that emphasizes the protection to the life of a home given by good paint as well as the beauty added by careful color selection. The booklet contains ideas for color

combinations to be used on homes of various styles and illustrates various interior color schemes, together with tips on applying paint. Write to *National Lead Company, 111 Broadway, New York 6, New York.*



New check feeder designed for increased speed microfilming operations in banks, has been announced by Recordak Corporation, subsidiary of Eastman Kodak Company. Designed especially for use on the Recordak Duplex Microfilmer, the feeder will improve microfilming efficiency and increase the speed of handling checks over hand feeding. It is motor driven and feeds average-sized checks as fast as the microfilmer will operate—from three to four times faster than hand feeding—thus shortening the daily microfilming job in both transit and bookkeeping departments.



Robot-Kardex—A new push-button record-keeping device has been developed by Remington Rand, Inc. An electrically operated unit, combines all the advantages of visible records in a desk-cabinet which selects the desired record slide instantly and delivers it on a firm writing surface at desk-height—an entirely new concept of record keeping which cuts employee fatigue to a minimum and holds 59 percent more sets of visible records per square foot than the standard Kardex housing. Robot-Kardex consists of a metal unit holding 4,020 sets of Kardex records in 60 trays, or slides, and a desk-top extension. When a clerk taps one of the keys of a control panel on the desk surface, the Kardex slide that has been in use returns automatically into the cabinet and the one chosen appears, positioned mechanically at the right level for quick reference or posting.

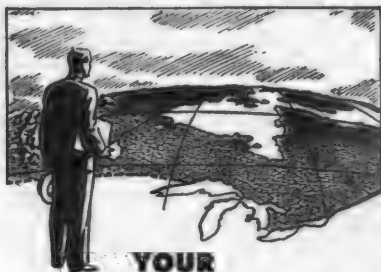


The "multiOpener" and "multiSealer" are entirely new products, designed to speed incoming and outgoing mail, recently announced by Commercial Controls Corporation, Rochester, New York.

The multiOpener, will automatically open and stack thousands of envelopes per hour and has an automatic cutting adjustment. The dial may be set for a light, medium or heavy cut. Perfect cutting the full length of envelope edge, without injury to contents is assured.

The multiSealer has a patented water feed giving uniform flow of water to the gummed envelope flap—excess water is automatically returned to the tank. Its sealing blade assures positive sealing and constant cleanliness. Seals all standard-sized envelopes. Has large, clear plastic water tank.

Both are all-electric high-speed machines. Self-lubricating bearings assure quiet, smooth operation. Both have large adjustable receiving hopper to accommodate various sizes of envelopes.



YOUR CLIENTS' FUTURE? ... JUST ACROSS THE *Canadian* BORDER

American business men are finding that Canada offers them vast opportunities for expansion. Here are the figures:

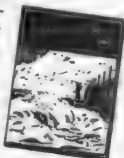
annual imports	\$2½ billion
annual exports	\$3 billion
wages & salaries	\$7 billion
gross national product	\$15 billion

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Since 1817, the Bank of Montreal has been helping Canada grow... has grown with her. We stand ready to answer any specific questions you or your clients may want to ask, so talk Canada with us. We'll be pleased if you will call on us through our offices in New York, Chicago or San Francisco, or through our Foreign Department in Montreal.

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As a starter, this 100-page, fact-filled booklet CANADA TODAY, will answer a great many of your questions about Canada's people, her industries and her resources. Write today for Booklet C-54 to any of our U.S. offices, or to our Foreign Department in Montreal.



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New Books

Accounting Fundamentals

WHAT'S BEHIND A FINANCIAL STATEMENT. By R. G. Rankin. Doubleday & Company, New York. 160 pp. \$2.

MR. RANKIN, a CPA, wrote this book "on the assumption that many business executives, bankers, investors, lawyers, and others engaged in business will welcome a broad outline of the fundamentals of accounting which constitutes the cornerstone of financial statements." In it the nontechnical reader gets a short, understandable exposition of the accounting principles, procedures and records that govern those statements.

There are chapters on business machines, accounting for cash, income and expenditures, ledgers and the journal, cost accounts, inventories, fixed assets and depreciation, reserves, income and surplus, and the balance sheet.

Mr. Rankin is senior partner in R. G. Rankin & Company of New York and Washington.

World Monetary Policies

MONEY IN A MAELSTROM, By J. W. Beyen. Macmillan, New York. 221 pp. \$3.25.

THE author, a Dutchman, is an executive director of the World Bank and World Fund, representing the Netherlands and Norway. Still young, he has had a distinguished financial career as a Dutch Treasury official and banker,

and as president of the Bank for International Settlements from 1937 to 1940. He participated in various international monetary and economic conferences, notably the London conference of 1933 and the Bretton Woods meeting of 1944. Mr. Beyen thus has had exceptional opportunities to observe world monetary policies in the making, and to participate in their making.

The book, however, keeps away from anecdotes and "inside" stories. It portrays the broader economic and political forces which have led the world from the restoration of the gold standard in 1925 into the era of currency management and the Bretton Woods approach to international financial cooperation. For the most part the volume deals with what is past: the background for the present.

Only the last two chapters get into a discussion of the Bretton Woods concept and the conditions which have since affected the operation of the Fund and the Bank. With the "transitional period" much longer and more difficult than foreseen at Bretton Woods, Mr. Beyen calls it senseless to discuss whether the Fund has failed or not. The author of a wartime proposal for regional approaches to currency stabilization, Mr. Beyen now writes: "The recent establishment of a multilateral clearing system in western Europe with the help of Marshall aid demonstrates how far ideas regarding a regional approach to the problems of the



transitional period have changed. It is not improbable that the Bretton Woods system, though conceived as worldwide, will in the end develop step by step, with areas of the world grouping together and establishing within their group the conditions necessary for the establishment of a system of stable and freely convertible currencies."

OTHER BOOKS

AMERICAN SOCIAL INSURANCE. By Domenico Gagliardo. Harper, New York. 659 pp. \$5. The professor of economics at the University of Kansas traces the historical growth of social insurance programs in this country and describes various systems in the general categories of old age, unemployment, occupational injury, illness and disability.

RETAIL CREDIT MANAGEMENT. By Clyde William Phelps. McGraw-Hill, New York. 473 pp. \$5. This official textbook of the National Retail Credit Association is concerned with the practical operations of retail credit departments in such matters as personnel, layout and equipment of the office, policy, control of accounts, collections, expenses, reporting services, and principles of credit granting. Dr. Phelps is professor of economics at the University of Southern California.

CASES IN CREDITS AND COLLECTIONS. By Theodore N. Beckman and Schuyler F. Otteson. McGraw-Hill, New York. 369 pp. \$4.50. Sixty actual cases are presented, covering consumer and mercantile credit and representing varied businesses. Floor financing of inventories and financing of sales by dealers

through finance companies are among the subjects covered. The decision reached by the credit manager and the reasons therefor are given in each case. Mr. Beckman is professor of business organization at Ohio State University. Mr. Otteson is associate professor of marketing at the Indiana University School of Business.

MONTGOMERY'S AUDITING. By Robert H. Montgomery, Norman J. Lenhart, and Alvin R. Jennings. Ronald Press, New York. 649 pp. \$6. The seventh edition of a comprehensive work.

MARKETING AND DISTRIBUTION RESEARCH. By Lyndon O. Brown. Ronald Press, New York. 599 pp. \$5. A basic book showing how the application of marketing and distribution research methods can "improve the efficiency of marketing operations and reduce the cost of distribution." This is a revision of *Market Research and Analysis*.

A DICTIONARY OF ECONOMICS. By Harold S. Sloan and Arnold J. Zurcher. Barnes & Noble, New York. 268 pp. \$3. More than 2,400 entries relating to many phases of economics include not only terms in common use, but the newer economic vocabulary. A system of cross references is helpful.

CORPORATE FINANCE AND REGULATION. By C. C. Bosland. Ronald Press, New York. 515 pp. \$4.25. The professor of economics at Brown offers "a broad and balanced view of the American corporation as it exists today in an environment strongly colored by government regulation."

SMALL BUSINESS "FAIRLY TREATED"

In a recent report to John R. Steelman, Assistant to President Truman, the Secretary of Commerce, Charles Sawyer, described the results of a series of meetings during the summer with businessmen, public officials, and labor leaders throughout the country.

One paragraph in this letter stated:

"Small business repeatedly spoke of difficulties in getting loans for plant investment or for operating capital. Repeated emphasis was given to the difficulty of obtaining

equity capital through the sale of common stocks. A number of suggestions for special Federal assistance through the RFC and otherwise were made, including a suggestion that the Federal Government guarantee loans to small business on a basis comparable to the FHA guarantees on mortgages. Bankers with whom I talked generally were of the opinion that small businesses with any reasonable prospect of success were being very fairly treated."

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The remaining hundred pages of the book deal with the most vital accounting problems confronting management today — cost accounts, inventories, fixed assets and depreciation, and reserves. The final two chapters discuss in detail the end result of all accounting efforts — the statement of income and surplus, the balance sheet and the significance of the auditor's certificate.

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EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. Evidently we are entering a period of more aggressive selling in the American market by foreign producers.

While it is not in human nature to aid and comfort competitors, American business can well afford to welcome this sales effort and hope for its success. The haunting realization that we could not go on forever subsidizing our own exports has been one thing that spoiled the flavor of our postwar prosperity.

In fact we might christen this development Point One, as a worthy predecessor to the well known Point Four, with its contemplated aid to underdeveloped countries. Point One would be simply the old-fashioned idea of normal, natural trade between well developed countries.

Thus, it may have larger implications of a worldwide revival of competition and salesmanship, with a corresponding decline in collectivism. In any case, it is a sign of returning health. It shows a desire to sit up and take solid nourishment after years of indulgence in Old Lend-Lease, Vat UNRRA, Old Marshall, Bilateral Bond and other famous brands.

New Channels

Banks are in a key position to help stimulate the importation of foreign goods and provide a solid base for increasing our exports. There are only 200 American banks with foreign departments and 500 more doing some foreign business through correspondents. If more of the remaining banks had knowledge of handling foreign transactions, hundreds of new channels for the distribution of desirable foreign products would be opened up.

One impressive plan to sell here "American style" is sponsored by the Hambro Bank of London. This is a leading mercantile bank and one of the few that is privately owned. Through an agency called the Hambro House of Design, with headquarters in New York, a nationwide sales program is being organized on behalf of British makers of textiles, cutlery, china and earthenware. The British program uses four regional offices in New York, Chicago, San Francisco, and New Orleans.

After a careful study, many British manufacturers have completely restyled their products to meet the requirements of this American market.

Another program centers in the British Dollar Export Board under the chairmanship of Sir Graham Cunningham, a businessman with a good knowledge of this country and a reputation for getting things done.

He believes that changing the price of gold, devaluing the pound, and restricting imports are simply expedients and that the only cure for what ails the world is trade.

There is a new publication being put out in Washington called *British News*, with a slogan "A show window for world

shoppers." It contains advertisements of British products and services available in this country and Canada and will be sent free to buyers.

The president of the British Board of Trade in London, Harold Wilson, wrote in the first issue of *British News*: "The British Government is convinced that the dollar problem cannot be solved without the development of markets in Canada and the United States in a scale far greater than exists now or existed before the war."

Not Only Britain

Intensified efforts to sell in this market are not confined to Britain. Holland's Ministry of Economic Affairs is promulgating a plan which it is hoped will increase exports to the United States from the present level of \$30-million annually to \$90-million within three years. That is the year when Marshall aid is supposed to cease.

The program includes special incentives to Dutch exporters selling in this market. They will be allowed 10 percent of their revenue in dollars to pay expenses in this country and to purchase American goods.

Trade commissions will be located in New York, Chicago, Los Angeles and one in either New Orleans, Dallas or Houston. The Dutch Government will encourage manufacturers of identical or related products to form export combinations to facilitate sales programs.

Belgium has under way a comprehensive study of markets and sales methods in this country to aid Belgian exporters. Principal steps taken so far include exhibits and direct contacts by salesmen. The Belgians seem to have reached the conclusion that the greatest opportunities for expanding exports lie in our Middle West.

A little over a month ago, ECA Administrator Paul Hoffman, called the turn when he told several hundred pressmen at a conference in London that Britain should increase by five times the number of British companies endeavoring to distribute their products in the United States and Canada. He said that a combination of low production costs and an aggressive merchandising program would achieve this goal.

One of his questioners at the time asked how this could be done with United States tariffs so high. Mr. Hoffman replied that tariffs were now down around the level of 1914 and much lower than in 1929 when British exports to the United States totaled approximately \$1-billion. This was at a time when the national income in the United States was only \$100-billion compared to the present level of over \$250-billion. The Administrator made it clear, at the same press conference, that the United States was not trying to dump war surplus products on Europe. He remarked that if it were necessary to give surplus material away, there was plenty of opportunity in the United States.

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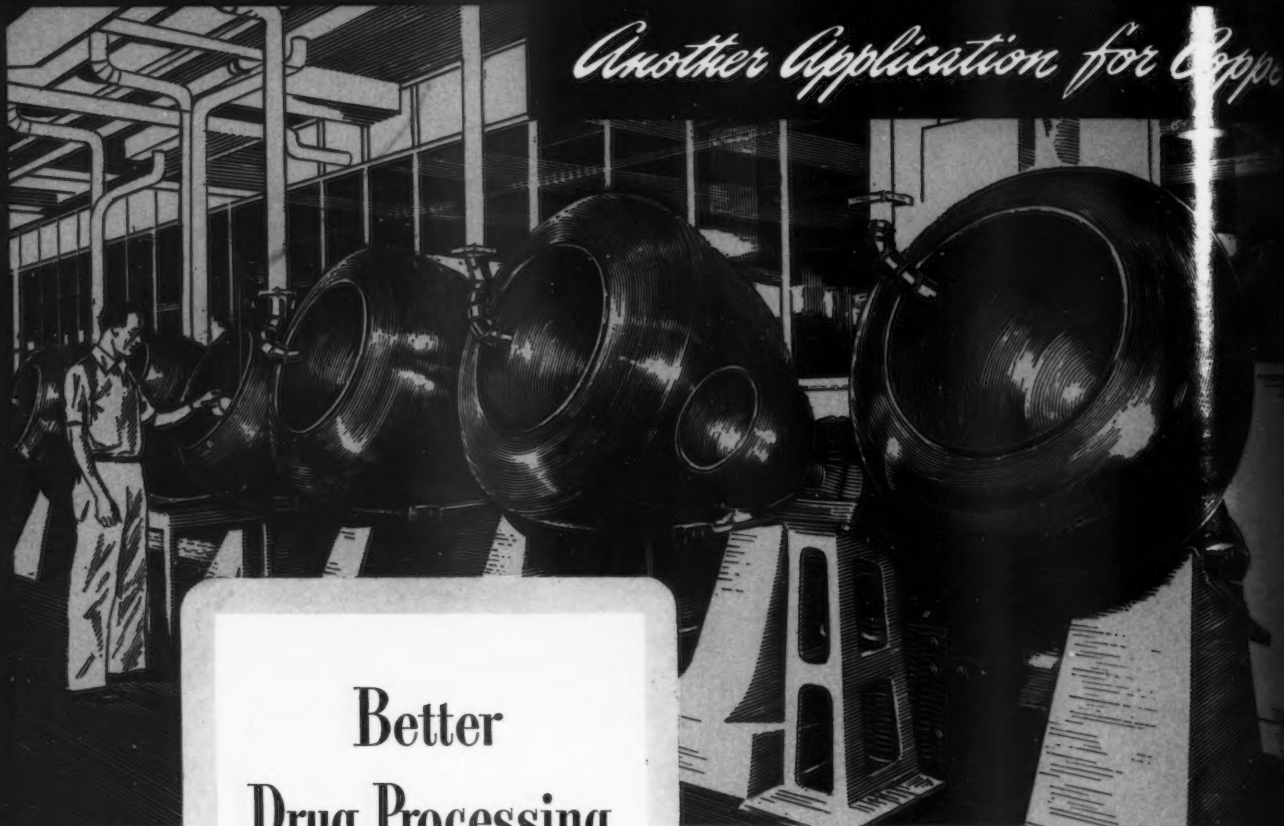
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